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ECONOMIC SURVEY OF EUROPE IN 1960

including studies of

Some problems of agricultural development in Europe
and the Soviet Union,
Europe and the trade needs of the less developed countries
and
Economic development in Albania and Bulgaria

Prepared by the

SECRETARIAT OF THE
ECONOMIC COMMISSION FOR EUROPE

GENEVA, 1961

NOTICE TO READERS

It is the intention of the ECE secretariat annually to publish **two** instead of **three** issues of the *Bulletin*, No. 1 in July and No. 2 in October. Pressure of work on the secretariat, and the difficulty of timing issues of the *Bulletin* and SURVEY to coincide with related meetings of the Commission and its committees, have made this change necessary.

In future, the first issue each year will be devoted to developments in intra-European trade and in the trading relations of Europe with other areas, and to discussion of particular issues or problems in the field of international trade. The second issue will contain a review of economic developments in western and eastern Europe in the first half of the year, thus supplementing the annual reviews contained in the first two chapters of each SURVEY. This issue will, as in the past, also contain special articles on developments in particular countries or particular sectors of the European economy, on problems of economic policy in Europe, or on methodological questions in the field of economic and statistical research.

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Prefatory Note

The present SURVEY is the fourteenth in a series of reports prepared by the secretariat of the Economic Commission for Europe to serve the needs of the Commission and to help in the task of reporting on world economic conditions, which the Economic and Social Council of the United Nations has entrusted to the Department of Economic and Social Affairs.

One of the major purposes of the SURVEY, and of the periodic *Economic Bulletin*, is to analyse recent developments in the European economy and elsewhere which may significantly affect the economic framework within which governments have to determine their policies. The expansion in western Europe and the prospects for its continuation are discussed in Chapter I; the rates and pattern of economic growth during 1960 in the countries of eastern Europe and in the Soviet Union are reviewed in Chapter II.

As has been the practice in previous SURVEYS, some more general questions have been examined which are both of long-term importance and relevant to the current formulation of economic policies in European countries. Thus, Chapter III contains an analysis of some problems of agricultural development in western Europe during the fifties, with a discussion of the degree of protection accorded to the agricultural sector and of the issues of policy which may arise in the forthcoming decade. Similarly, Chapter IV is concerned with the growth of agricultural output and efficiency in eastern Europe and the Soviet Union in the postwar period, particularly in the years since 1953, and examines the effects of the policies undertaken to promote the development of agriculture in the area. Chapter V contains a discussion of the trade needs of the less developed countries of the world and of the contribution which industrialized countries of Europe — both east and west — could make to meet them; the study, after reviewing the nature and scale of the problem confronting the industrializing countries, concludes with certain recommendations for policies which might be considered by the industrial countries to aid the less developed countries in the course of industrialization. The final chapter of the SURVEY is a complement to the study undertaken in the *Economic Survey of Europe in 1959*, where the problems of economic development of the countries of the less industrialized " fringe " of western Europe were examined: Chapter VI is devoted to a review of the economic structure and past course of agricultural and industrial development in Albania and Bulgaria, with special reference to experience during the fifties.

This SURVEY is published on the responsibility of the secretariat, and the views expressed in it should not be attributed to the Commission or to its participating governments.

Geneva *March 1961*

CORRIGENDA

Chapter III

Page 35, Table 18:

Belgium/Luxembourg — Row A, second column, for " 253 " *read* " 832 ".

Western Germany — Row B, penultimate column, for " 34 " *read* " 29 "; last column, for " 69 " *read* " 48 ". Row C, penultimate column, for " 96 " *read* " 97 "; last column, for " 95 " *read* " 97 ".

Other north-western Europe — Row C, 12th column, for " 123 " *read* " 124 ".

Page 65, Table 26, footnote a:

For " imports . . . by origin " *read* " exports . . . by destination ".

Chapter VI

Page 11, Table 4: For " Gross agricultural output (in millions of leks at 1956 prices) — 1960 Annual Plan ", *read* 35 100 *instead of* 31 100.

Page 12, footnote 40, twelfth line: *read* Vorë *instead of* Vlorë.

Page 31, footnote 84 : read section 2 *instead of* section 3.

Page 33, footnote 90 : read section 2 *instead of* section 3.

Page 33, footnote 93 : read section 2, *instead of* section 3.

Page 44, text table, second column, Albania: *read* 139 *instead of* 138.

Page 44, footnote a, last line: *read* 1955/56-1958/59 *instead of* 1954/55-1957/58.

Appendix Table XVII :

Heading should read: Farming structure and yield indicators by type of farm in the Soviet Union, 1953, 1958 and 1959

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EXPLANATORY NOTES

The designations employed and the presentation of the material in this publication do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country or territory or of its authorities, or concerning the delimitation of the frontiers of any country or territory.

The following symbols have been used throughout this SURVEY:

.. = not available or not pertinent;
— = nil or negligible;
* = estimate by the secretariat of the Economic Commission for Europe;
⧗ = interruption in the comparability of the series or a change in the unit in which the series is reported.

In referring to combinations of years, the use of an oblique stroke — e.g. 1959/60 — signifies a twelve-month period (say from 1 July 1959 to 30 June 1960). The use of a hyphen — e.g. 1958-1960 — normally signifies either an average of, or a total for, the full period of calendar years covered (including the end years indicated).

Unless the contrary is stated, the standard unit of weight used throughout is the metric ton. The definition of " billion " used throughout is one thousand million. Minor discrepancies in totals and percentages are due to rounding.

In general, information received up to the end of February 1961 has been included in the SURVEY.

trade figs

2. UK
3. Early fig

Chapter I

CURRENT DEVELOPMENTS IN WESTERN EUROPE

The western European economy prospered in 1960 — the second year of vigorous expansion. Like the early phase of the preceding boom, the past two years have been distinguished by four major features: a vigorous growth of both export and domestic demand, high elasticity of supply, relative stability of prices, and an easy reserve position in most countries. The developments underlying each of these features in 1960 are discussed in this chapter.

Whereas overseas export demand slackened in the course of the year, domestic demand — and private investment demand in particular — was generally buoyant and few sectors were affected by the measures of restraint adopted very early in the upswing. Output responded more flexibly to surging demand than was generally expected, given widespread complaints of labour bottlenecks. For the year as a whole, the rate of increase of total and industrial output above 1959 was far faster than that achieved from 1958 to 1959 — thanks to productivity-raising investment, which continues to grow, and to important sectoral shifts of manpower. While it is true that the very high rate of industrial expansion moderated from the second to the third quarter, the upturn in the fourth quarter in a number of countries points to a continuing upward course.

In many countries the tight labour market, generating mounting wage pressures, has caused renewed concern lest a wage-price spiral may be imminent. But as yet there is not enough evidence to determine whether recent or prospective wage increases exceed the rate of growth of productivity.

Exports to the United States and to the primary-producing countries declined in the course of the year and the short-term outlook is unpromising; but intra-western European trade was maintained at a high level and most western European countries have large enough foreign exchange reserves to withstand some worsening in their balance of trade.

The outstanding occurrence of 1960 was the apparent, rather than real, foreign exchange crisis of the United States, caused largely by short-term capital movements. It threw into the limelight the potential threat that such movements can constitute to the western payments system under present conditions; and underlined the external drawbacks of discount rate policies which are pursued primarily for purposes of internal balance. Domestic developments, too, cast further doubt on the efficacy of interest-rate policy as a means of restraining excess demand.

1. National Output and Sectors of Demand

In 1960 total output in western Europe rose by some 6.5 per cent compared with a rise of about 4 per cent in 1959. Not only were the rates of growth achieved by most countries in 1960 higher than in 1959, but they were also as high as — and in Norway higher than — in any year since 1953, when the previous upswing began. Expansion was fastest in the Netherlands, followed closely by western Germany, Italy, and Finland, as can be seen from the provisional figures on the supply and use of resources presented in Table 1. France more than doubled the low rate of increase in gross national product recorded in 1959 when private investment and consumer demand had slowed down appreciably owing to the stabilization programme introduced at the end of 1958.

The resurgence of export demand — both within and beyond western Europe, but particularly the former — was the main driving force behind the expansion in most countries in 1959 and the early part of 1960. The increase in exports in 1960 above the 1959 level ranged between 17 per cent in France and only 6 per cent in the United Kingdom, with an average increase of some 12 per cent for the other countries shown in the table. However, as overseas demand for western European exports — particularly in the United States — slackened and supply difficulties were experienced by certain export industries, the expansionary impulse originating in this sector weakened in the course of 1960. More recently economic growth has been sustained almost entirely by the buoyancy of domestic demand.

The pattern of domestic demand also changed between 1959 and 1960. Expenditure on consumers' durables and demand for residential construction were the most dynamic domestic factors of expansion in the early stages of the boom; but these sectors, too,

TABLE 1

Supply and use of resources in certain western European countries

Percentage change in volume from the previous year

Country		Resources			Utilization						
					Gross fixed investment						
		Gross national product	Imports of goods and services	Total	Total	Residential construction	Other construction	Machinery and equipment	Private consumption	Public consumption	Exports of goods and services
Austria	1958	3	2.5	3	3	2	4.5	3	4	4	1
	1959	4	13.5	6	4.5	6.5	6	3	5	3	9
	1960	5.5	16	8	8.5	. .	. .	. .	6	3	14
Finland [a]	1958	−1	−10	−2	−1	. .	. .	. .	—— −3 ——		−2
	1959	6	19	8	8	. .	. .	. .	—— 6 ——		16
	1960	7.5	17.5	9	10	. .	. .	. .	—— 8 ——		12
France	1958	1	−3.5	1	2	2	−1	4	—	−3.5	4
	1959	2	−3	1	—	2	2	−1	1	4	10
	1960	5	17.5	7	6	. .	. .	. .	4	8	17
Western Germany	1958	3	10	4	6	8	4.5	6	5	9	4.5
	1959	6	19	9	11	10	4	15	6	9.5	14
	1960	8	17	12	11	. .	. .	. .	7.5	8	12
Italy	1958	4	−1	4	1	2.5	13	−6.5	3	11	4
	1959	7	9	7	8	7	10	8	5	2	16
	1960	7	. .	. .	18	. .	. .	. .	5	6	. .
Netherlands	1958	1.5	−5.5	−1	−11	−6	−3.5	−16	1	−5	7
	1959	6	14	8	12	5	14	14	3	−2	12
	1960	8.5	14	10	14	−2	. .	. .	6	2.5	10
Norway	1958	—	3	1	4.5	−7	2	8	1.5	2	2.5
	1959	5	4	5	−6	−1	—	−9	4	6	11
	1960	6	7	6.5	4	. .	. .	. .	5	4.5	10
Sweden	1958	1	3	1	9	8	9	9	3	4	—
	1959	6.5	—	5	11	4.5	17	10	4	5.5	5
	1960	4	14	6	4	−2	3	9	2	3	11.5
United Kingdom	1958	1	−1	0.5	1	−6	3	1	2.5	−1	−1
	1959	3	8	4	5	14	7	2	4	2	2
	1960 [b]	6	11	7	12	16	17	7	4.5	2	6

Sources : OEEC, *Statistical Bulletins — General Statistics ;* OEEC, *Economic Conditions in Member and Associated Countries, Austria,* December 1960; *Federal Republic of Germany,* November 1960; Ministère des finances, Statistiques et études financières, *Rapport économique et financier du projet de loi de finances 1961,* October 1960; *Quaderni di Studi e Notizie,* 16 January 1961; national statistics and direct communications from governments.

NOTE. — Figures for 1960 are provisional.

[a] Including repairs and maintenance.

[b] Based on first three quarters.

have recently been less buoyant in a few countries. Private investment expenditure, in contrast, has greatly accelerated almost everywhere, in response to surging final demand and the concomitant need to both enlarge capacities and raise productive efficiency. As shown in the table, total gross fixed investment rose unusually fast in Finland, Italy, the Netherlands, the United Kingdom and western Germany; labour shortages became more acute as the boom proceeded, and the emphasis of investment shifted from building to machinery and equipment, and from capacity-enlarging to labour-saving and cost-reducing outlays. The size of order books in the engineering industries, general optimism about the maintenance of a high level of demand, the continuing tight labour market, and efforts to maintain or enhance competitiveness within the two areas of economic integration in western Europe all suggest that the investment boom will continue well into 1961. This prospect is supported by the forecasts made in various countries of private investment intentions.

The rapid growth of investment in dwellings, which had initiated the upswing in economic activity, seems now to be easing in the majority of western European

TABLE 2

Dwelling construction in selected western European countries

Thousands of dwellings

Country		1959				1960			
		I	II	III	IV	I	II	III	IV
Belgium	Completions	8.3	12.4	12.2	13.5	10.7	11.8	..	
Denmark	Starts	4.4	8.5	8.4	6.7	4.4	6.5	5.0	
	Under construction [a]	20.9	23.9	26.8	27.2	26.2	27.0	26.9	
	Completions	4.4	5.4	5.6	6.2	5.3	5.7	5.2	
Finland	Authorizations	5.4	8.9	7.0	9.8	7.7	11.4	9.2	
	Under construction [a]	29.0	32.2	31.9	28.1	22.8	33.7	35.1	
	Completions	4.8	4.7	9.1	11.5	5.8	5.7	7.5	
France	Authorizations	79.2	101.4	76.5	86.0	79.8	93.9	93.0	
	Starts	76.0	78.1	77.6	86.7	72.6	88.9	79.8	
	Completions	79.2	71.7	77.1	92.4	69.7	77.9	75.1	
W. Germany	Authorizations	114.4	161.1	162,5	149.8	123.5	156.2	171.9	161.0[b]
	Completions	50.1	80.4	124.2	300.3	55.9	80.1	122.9	170.6[b]
Ireland	Authorizations	1.0	1.2	1.1	1.3	..	1.7	1.5	
	Starts	1.0	1.5	1.4	1.5	..	1.5	1.6	
	Under construction [a]	4.4	4.2	4.0	3.9	..	3.7	3.9	
	Completions	1.2	1.6	1.4	1.7	1.3	1.3	1.3	
Italy	Authorizations	63.2	69.7	62.6	76.1	56.3	57.5	58.1	72.7[b]
	Completions	44.2	45.9	43.4	50.0	39.1	47.1	41.4	49.6[b]
Netherlands	Authorizations	16.9	23.8	20.0	23.7	19.3	17.7	23.0	25.4
	Starts	18.1	26.1	21.5	21.4	18.9	21.1	22.9	23.1
	Under construction [a]	86.6	92.4	92.8	87.6	89.6	89.7	91.0	89.8
	Completions	15.7	20.3	21.0	26.6	16.9	21.1	21.6	24.3
Norway	Authorizations	4.4	8.6	6.9	7.6	4.4	7.5	8.0	
	Starts	3.5	7.8	8.0	7.8	3.9	7.8	8.7	
	Under construction [a]	22.3	23.9	26.3	25.1	23.5	24.5	27.6	
	Completions	5.8	6.1	5.7	8.9	5.2	6.8	5.6	
Portugal	Completions	5.8	6.6	7.6	6.0	6.2	6.5	..	
Spain	Authorizations	30.0	27.7	23.6	19.2	13.3	13.1	19.3	
Sweden	Starts	10.1	20.7	22.0	18.8	9.2	18.0	22.3	
	Under construction [a]	70.2	73.3	79.1	76.5	71.0	71.3	78.6	
	Completions	14.1	17.6	16.2	21.4	14.7	17.7	15.0	
Switzerland [c]	Authorizations	5.0	6.7	5.9	7.1	6.2	7.2	5.6	6.0
	Under construction [a]	..	17.5	..	20.5	..	21.8	..	..
	Completions	2.3	3.9	3.3	4.8	3.8	5.0	4.5	5.4
United Kingdom	Starts	71.3	93.8	83.9	76.0	67.9	95.6	81.6	
	Under construction [a]	239.2	262.5	276.5	273.2	273.2	289.7	295.0	
	Completions	61.9	70.5	69.9	79.3	67.9	79.1	76.2	

Sources: National statistics; ECE, *Quarterly Bulletin of Housing and Building Statistics.*

[a] End of period. [b] Two months at quarterly rates. [c] 42 towns.

countries — as a result either of deliberate action to check excess demand[1] or of shortages of labour and materials, or both (see Table 2). Only in Switzerland and the United Kingdom did work in progress and completions continue in 1960 substantially to exceed their 1959 level.[2] In the former country, where the housebuilding industry is under great strain and is competing for labour with industrial and public construction, the central bank has called for restraint in the grant of credit; in the United Kingdom restrictive credit measures are enforced and local authority construction has been deliberately scaled down, but starts still exceed completions. Restrictions on residential construction in Denmark were more successful, for completions were only slightly higher in 1960 than in 1959; and in western Germany, Austria, and the Netherlands, physical limitations slowed down the rate of residential construction. In western Germany, funds for financing dwelling construction have recently become more abundant, and excess demand is reflected in a rise of building costs by some 8 per cent above their 1959 level. Conversely, the stabilization of the rate of housebuilding in Italy was largely due to the exhaustion of public funds for social housing. On balance, it appears that investment in housing will contribute little in most countries to an expansion of global demand in the near future.

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[1] But in Norway building licensing was discontinued at the beginning of 1960.

[2] In Switzerland completions in 1960 were as much as 30 per cent above their corresponding 1959 volume; in the United Kingdom the increase was some 10 per cent in the first three quarters of 1960.

Investment in stocks differed from country to country. The addition to stocks in Sweden and Norway in 1960 much more than offset the preceding decline in 1959. In western Germany stock-building had been an important expansionary factor in the second half of 1959. In 1960, with generally strong, final demand, stocks of steel and some other basic materials appear to have been rising more slowly or even declining, and stocks of finished goods, raw materials, and semi-manufactures (except in the consumers' goods industries) are considered to be, on the whole, too small in western Germany — as they are in many branches in Austria, where stocks of finished goods in industry rose less than sales. In the United Kingdom, by contrast, stock-building — partly involuntarily — has been abnormally high for some time, and no deliberate increase is likely soon: indeed, industries affected by the weakening in consumer demand appear to have actively run down their stocks of finished goods. Since total expansion of output in the United Kingdom largely depended last year on increased stock accumulation, a reversal of this movement could temporarily diminish total demand quite significantly.[3]

Private consumption, after having risen more slowly than gross fixed investment from 1959 to 1960, began to speed up during the year as rising employment, higher earnings and, in some countries, higher transfer payments, swelled personal incomes. Sweden is an exception. There, private consumption grew less in 1960 — largely on account of the introduction of a general turnover tax at the beginning of the year. In the United Kingdom private consumption, while higher than in 1959, stabilized between the first and second quarter of 1960 (after seasonal adjustment) and declined from the second to the third, although disposable incomes continued to rise. Purchases of consumers' durables in the United Kingdom progressively declined as a result of hire purchase restrictions imposed in April; and expenditure on other consumers' goods stabilized.

With mounting pressure of demand on available resources, the relative importance of imports into western Europe increased. In most countries the volume of imports in 1960 grew either at rates similar to those of 1959, or faster still. The import component of total supplies was exceptionally large both in 1959 and in 1960 in western Germany, Finland and the Netherlands; whereas in France the sharp increase in 1960 came after two years of decline caused first by the relative stagnation of economic activity in that country and later by devaluation. Recently, domestic deficiencies of supply and generally longer delivery periods in western Europe have diminished the availability of imports of manufactures for the satisfaction of rising domestic demand.

2. Industrial Output and Employment

The rate of expansion of industrial production in western Europe quickened more from 1959 to 1960 than from 1958 to 1959. In the OEEC countries combined, industrial output, which had risen by less than 7 per cent between 1958 and 1959, rose by as much as 11 per cent between 1959 and 1960. The fastest rate of increase in 1960 was achieved by Italy; the Netherlands and Finland were also above the western European average; but the rates attained in Denmark, Norway and Sweden — although comparatively high in the latter two countries, when judged by their previous performance — were well below the average. As can be seen from Chart 1, the pace of industrial expansion had begun to slacken or stabilize in the early summer of 1960 everywhere except in France, where, for some years now, the timing of cyclical phases of economic activity has differed somewhat from that in other industrial countries in western Europe.[4]

In the second and third quarters industrial production rose at a moderate rate in Austria, Belgium and Italy; ceased to grow in Denmark, western Germany, Norway and the United Kingdom; and even

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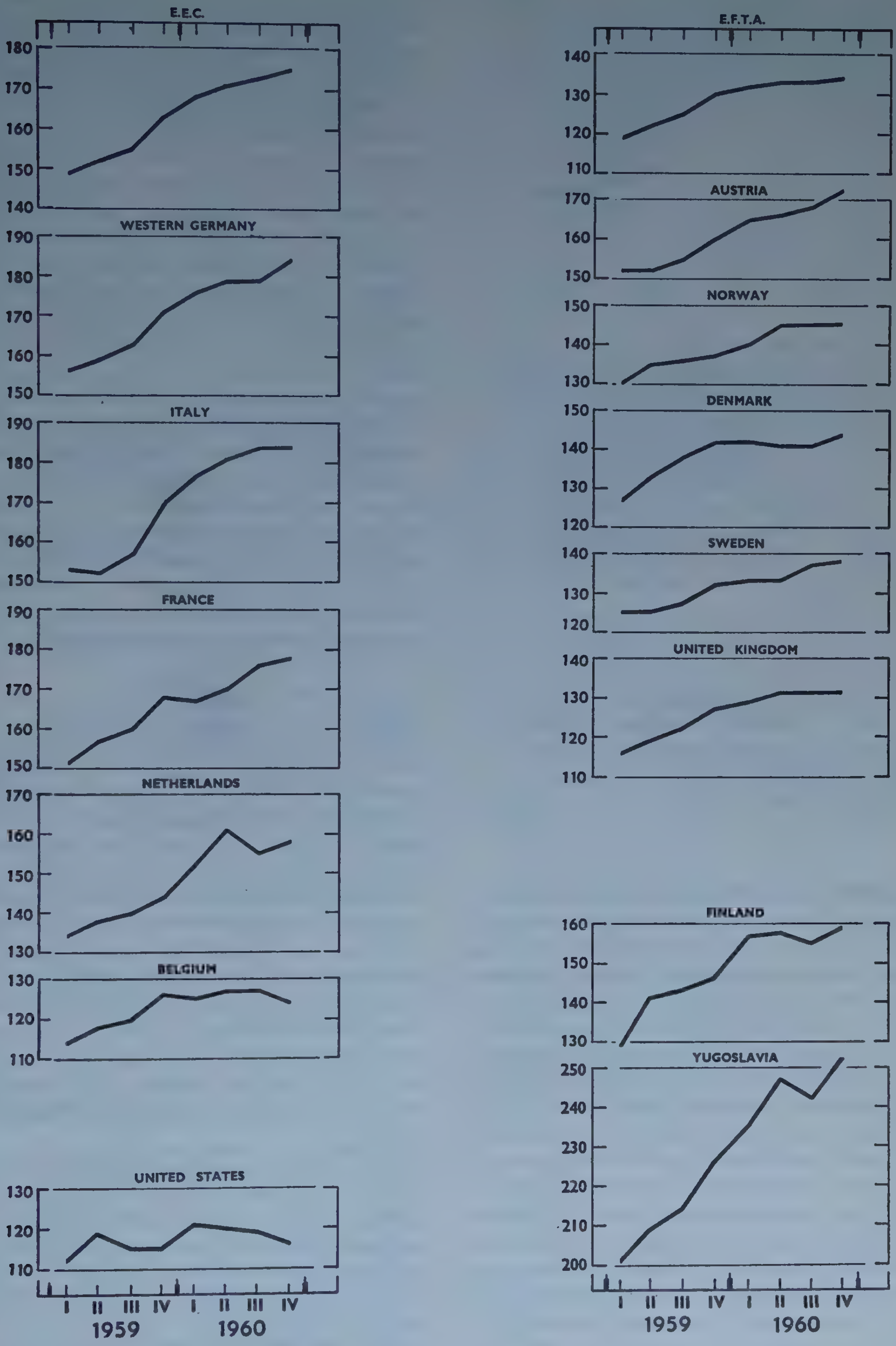
[3] It has been estimated that the decline in total demand for home output could fall by £50–80 million per quarter if stocks were simply held at their present level (see *National Institute Economic Review*, November 1960).

[4] French industrial output accelerated in the second half of 1960, following slow growth in the first half.

CHART 1

Index numbers of industrial production in selected western European countries and the United States

1953 = 100, seasonally adjusted

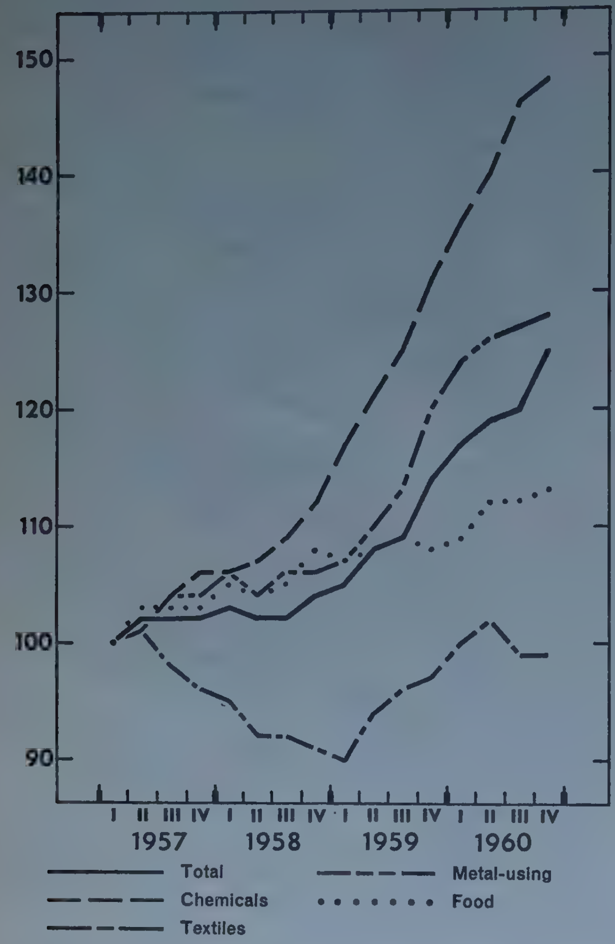


Sources : OEEC, *Statistical Bulletins — General Statistics,* national statistics.

CHART 2

Index of industrial production by sectors, 1957-1960

Index numbers of volume; first quarter 1957 = 100
Seasonally adjusted



Sources: OEEC, *Statistical Bulletins — General Statistics*; national statistics.

declined in Finland and the Netherlands. Manpower bottlenecks and, in a few countries, full capacity utilization have generally been responsible for checking the speed of industrial expansion. However, in Italy and Belgium, where labour continues in ample supply, the relaxation of the rate of growth was caused by a weakening of export demand. Measures of restraint adopted late in 1959 and in 1960 in a number of countries have dampened domestic demand, and hence output, in only a few sectors — notably, as observed above, in dwelling construction; and the fall in export demand for motor cars caused a contraction of output in some of the main producing countries.[5] In the United Kingdom, flagging consumer and export demand together brought industrial expansion to a virtual standstill. But since the third quarter industrial output in western Europe has perceptibly revived.

The upsurge and subsequent slow-down have affected the major industrial sectors unevenly (see Chart 2). Output of chemicals in 1960 continued its almost uninterrupted growth at a high rate — nearly 15 per cent above the 1959 level; and production of foodstuffs made steady, if slow, headway. The metal-using industries increased their production by 10 per cent, in response to swiftly growing investment demand for machinery and the products of the electrical engineering industry and, in most countries, higher demand for consumers' durables. But, owing to shortages of labour and capacity, the rate of increase in aggregate western European output in this sector slowed down somewhat, though remaining very high in Italy, western Germany and the Netherlands; and continuing strong demand for the industry's products led in many countries to large backlogs of orders and lengthening delivery times. The output of the textiles industry had started to recover in the second quarter of 1959, after a severe setback in 1958, and was 9 per cent higher in 1960 than in 1959; but in this sector, too, the rate of expansion slowed down — more markedly than in the metal-using industries. Weakening export demand and keener competition from imports have probably contributed to this tendency in some countries, notably Austria and Italy; other factors have been the shift to consumers' durable goods and difficulties in recruiting additional manpower in competition with sectors of higher productivity.

Labour Market Conditions

A tight labour market in an increasing number of countries has been an outstanding feature of 1960. Acute labour shortages are generally reported in the building and engineering sectors; and a more general scarcity of skilled labour has also developed in some countries. This has been reflected in steep decreases in numbers unemployed and increases in unfilled vacancies. As can be seen from Chart 3, which presents an indicator of demand for labour,[6] Switzerland, the Netherlands and the United Kingdom have been accustomed to a narrow margin of labour supply throughout the fifties. In Switzerland, the labour shortage has recently been more acute than at any time in the post-war period — even though foreign labour traditionally imparts more flexibility to the

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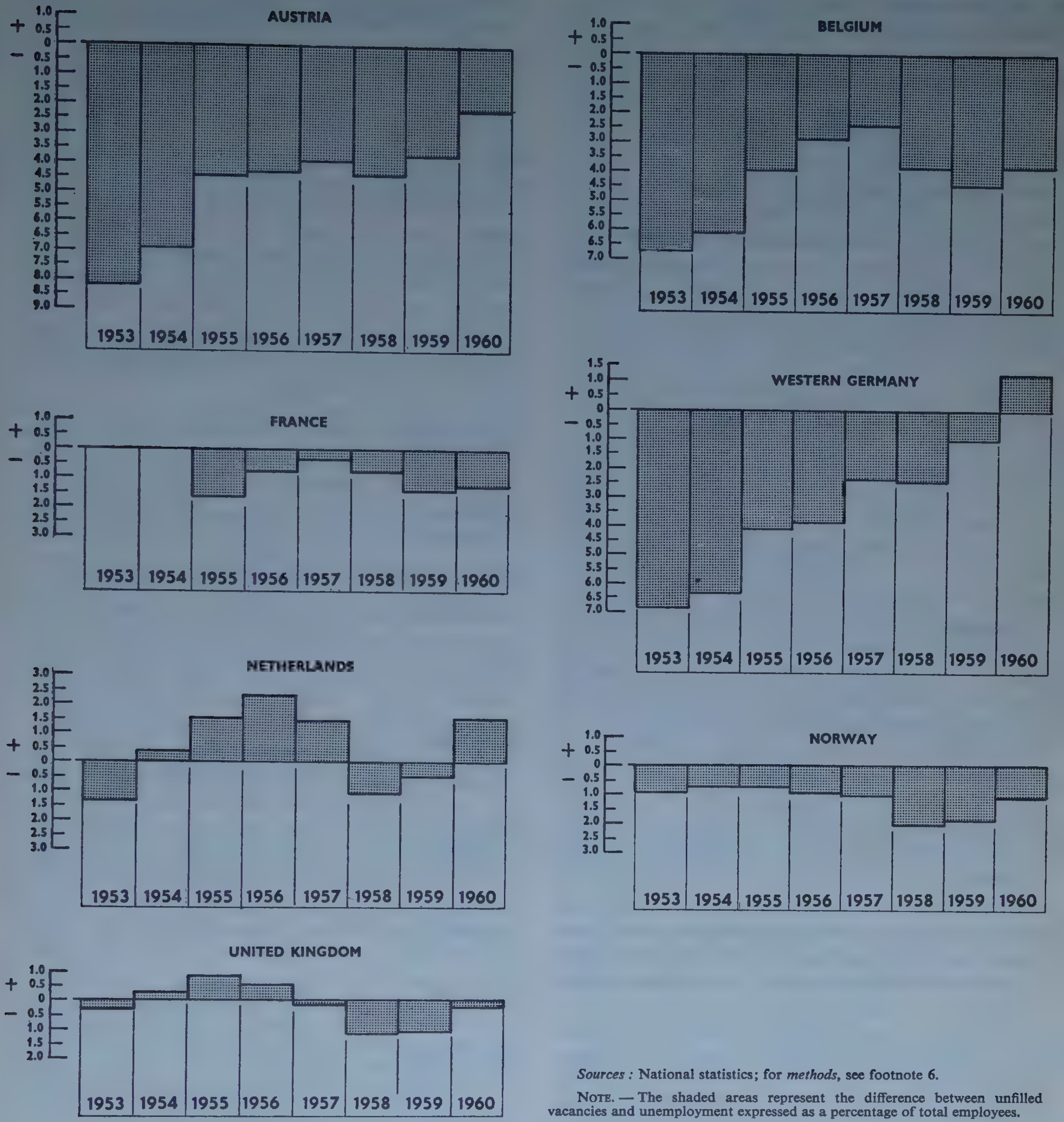
[5] An account of recent developments in the motor car industry is given in section 3 below.

[6] The method of calculating demand for labour (see Chart 3) differs somewhat from similar, but more refined, data published for the United Kingdom (in the NIESR, *Economic Review* of November 1960), which are based on separate unemployment and vacancy statistics for the major industrial groups, weighted together to obtain a more accurate index of the overall pressure of demand for labour. Data were not available to permit comparable calculations for all the other countries shown in the chart. The data should only be interpreted as indicating tendencies in the demand for labour in individual countries; international comparisons are misleading because of differences in definitions and coverage of unemployment, unfilled vacancies, and employees.

CHART 3

Changes in the demand for labour



Sources : National statistics; for *methods*, see footnote 6.

NOTE. — The shaded areas represent the difference between unfilled vacancies and unemployment expressed as a percentage of total employees.

labour market than in any other country. In August 1960, 435,000 foreign workers were employed in Switzerland, an increase of 19 per cent over the corresponding month in 1959.[7] Italian workers accounted for 70 per cent of the total, and 85 per cent of the increase, but difficulties of recruitment — particularly of skilled labour — are reported to be increasing. In the Netherlands excess demand for labour at the end of 1960 was high, though not as great as at the peak of the previous boom in 1956. The pressure is greatest in the west of the country, but also creates problems in the industrial areas of the east and south. The tight labour market is further aggravated by the employment of Dutch workers in the bordering regions of western Germany and Belgium, which have the attraction of higher net incomes. An agreement has been reached with the Italian Government for the recruitment of Italian workers, and in December arrangements were made for the employment of over a thousand Italians.

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[7] The increase has been particularly large in the building, metallurgical and engineering industries, whereas there was a slight decline in agriculture and domestic employment.

In western Germany and Austria, the labour market has come under increasing strain in 1960. Both countries were able to achieve much faster rates of growth at the height of the last boom, when idle manpower resources could be drawn into production, than was possible in 1960 or is likely to be possible in future.[8] The two countries differ in their possibilities for recruiting foreign labour. In western Germany the number of foreign workers increased between September 1959 and 1960 by about two-thirds — to nearly 330,000;[9] and net immigration from eastern Germany increased from about 90,000 in 1959 to 150,000 in 1960. On the other hand, there are more Austrians employed abroad than foreign workers employed in Austria; and there are legislative impediments to the recruitment of foreign labour. In consequence, measures have lately been introduced to prevent Austrians from taking employment abroad.[10] In the Scandinavian countries labour shortages, particularly of skilled labour, are also impeding the growth of output, although the problem of pockets of structural unemployment persists in Norway. The slackening of output in the United Kingdom in 1960 has not so far eased the labour market; for the propensity to hoard under-employed labour, which was manifest in the period of 1956 to 1958, is again taking effect. In some branches the decline in output has affected the number of hours worked rather than employment.

It is difficult to say whether employment can increase in 1961 at even the relatively slow pace recorded in some countries in 1960:[11] has the ceiling for employment growth, in fact, been reached? (See Table 3.)

TABLE 3

Industrial production and employment in certain western European countries and the United States

Percentage changes over previous year

Country	1954	1955	1959	1960 [a]
Austria				
Production	14.0	13.6	3.8	8.7
Employment	6.0	7.6	−0.4	3.2
Belgium				
Production	5.5	9.7	3.6	7.6
Employment	−0.2	1.9	−2.7	1.5
Denmark				
Production	8.9	2.0	8.0	5.6
Man-hours worked	4.1	−1.0	5.0	3.8
Finland				
Production	14.3	11.0	8.0	11.2
Employment	..	..	7.2	8.5
France				
Production	8.8	7.2	4.8	9.1
Employment	0.4	0.7	−2.2	0.7
Western Germany				
Production	11.5	14.8	7.1	11.0
Employment	5.3	8.4	−0.5	3.4
Italy				
Production	9.1	9.7	10.8	15.6
Employment	1.2	0.9	—	5.8
Netherlands				
Production	10.0	7.3	9.4	13.1
Employment	4.0	2.0	2.0	3.0
Norway				
Production	8.1	7.5	4.5	6.9
Employment	2.3	2.0	−0.2	2.5
Sweden				
Production	4.6	5.8	4.0	7.0
Employment	1.1	2.2	−0.4	4.1
Switzerland				
Employment	2.1	4.1	−1.3	6.1
United Kingdom				
Production	7.6	5.8	5.7	7.9
Employment	2.3	2.3	—	2.9
Yugoslavia				
Production	13.7	16.3	13.3	15.3
Employment	13.1	11.6	6.3	7.0
United States				
Production	−5.8	12.3	12.8	3.7
Employment	−9.0	3.7	5.0	0.1

Sources: National statistics.

[a] Provisional. Based on as many months as were currently available, which was 11 months for production statistics, but varied somewhat for employment.

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[8] Gross national product in western Germany increased by 11.5 per cent from 1954 to 1955, as against 8 per cent from 1959 to 1960; the corresponding figures for Austria were 11 and 5.5 per cent.

[9] Even so, foreign labour constituted only 1.3 per cent of the active population, compared with almost 20 per cent in Switzerland.

[10] Arrangements for foreign employment made through the labour exchanges have been prohibited, and opportunities for foreign firms to advertise their vacancies in Austrian newspapers have been restricted.

[11] The increases were often higher than foreseen at the beginning of the year. In Austria, for example, entrepreneurs estimated their additional requirements for 1960 at 1 per cent, but the actual increase was 3 per cent (see, "Zur Konjunkturlage der Industrie Ende 1960", *Monatsberichte des Österreichischen Institutes für Wirtschaftsforschung*, December 1960).

Complaints of labour shortages often cannot be taken at their face value since they refer not to bottlenecks, but to less ease in the recruitment of additional labour; and global figures for unemployment and vacancies are inadequate indicators of the real problem. It is in any case certain that more energetic efforts to increase the elasticity of labour supply could be made in a number of countries.[12] Thus, possibilities could be further explored of reducing seasonal unemployment in certain sectors [13] and increasing sectoral and regional mobility of labour, by such means as retraining schemes, assistance in resettlement in other areas (as is already done in Sweden, Norway and the Netherlands), drawing more women into employment or attracting manufacturers to "problem" areas (following the British and Swedish examples). And perhaps Switzerland's success in recruiting foreign workers could be attained elsewhere — though endeavours in this direction would probably have to be aimed increasingly at the temporary recruitment of labour in southern European countries other than Italy.[14] The problem of overcoming the propensity to hoard labour temporarily unemployable, when manpower is expected to remain in short supply indefinitely, and of avoiding the resultant loss in labour productivity — a problem particularly acute in the United Kingdom — is difficult to solve. Recognizing the difficulty of the task, the British Employers' Confederation has recently appealed to employers to set the most efficient use of manpower as a major objective for 1961.[15]

In 1960, in any event, industrial output was much more elastic than might have been expected from the complaints of labour shortages which were already frequent early in the year. As typically happens in the early phase of an upturn, and following a period of under-utilized capacities and manpower, industrial production increased far faster than employment. This is true of all countries listed in Table 3, both during 1954-1955 and again in 1959-1960 — except, in the latter period, in Finland and Denmark, where idle labour reserves were high. Employment increased least in relation to output in Italy, where the very rapid rate of industrial expansion during the present boom has only moderately relieved the problem of chronic unemployment.

It is clear from these data that the opportunities — or, in western Germany, the need — for increasing output by means of productivity advances were greater in the last two years than during the early phase of the last boom, thanks to the productivity-raising effect both of drawing under-utilized resources into production and of the almost uninterrupted investment undertaken in the interim.

Information which makes it possible to distinguish investment intended to raise output per man-hour from investment intended to enlarge capacity is scarce; and either type of investment has both effects. Given current labour shortages in many countries, however, the investment policy of entrepreneurs could be expected to be increasingly concentrated on labour-saving investment. A recent Austrian Konjunkturtest investigating the purposes of investment expenditure in manufacturing in 1960 shows that 68 per cent of the firms questioned stated rationalization to be their primary objective.[16] In western Germany, too, it is reported [17] that the need to meet labour shortages has become an increasingly important inducement to entrepreneurs to renew and enlarge their productive equipment. In Italy, even though manpower is in surplus, the share of total industrial investment devoted to reducing unit costs and improving quality was high in 1959: between 80 per cent and 100 per cent of all investments in textiles, tanneries, leather and footwear, and mining.[18]

Increases in total employment say nothing of the change in the pattern of employment during the boom; some information on this is presented in Table 4. Pressure on labour resources has certainly accelerated the long-term process of change in the employment structure — as it had already done at the peak of the last boom; this, in turn, has promoted at least part of the overall increase in labour productivity. Thus the outflow from agriculture speeded up almost everywhere from 1959 to 1960. The shift of agricultural labour to other sectors was particularly large in Austria, where agriculture still accounts for a relatively high share of the total working population, and in western Germany and the Netherlands. Industry raised its share in total

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[12] The measures advocated in Chapter 5 (Labour Market Problems in Western Europe) of the *Economic Survey of Europe in 1955* are as relevant in the present situation as they were then.

[13] See, for instance, the measures taken in western Germany to reduce seasonal unemployment and over-employment in the building industry and to release agricultural workers for industry, described in the *Economic Bulletin for Europe*, Vol. 12, No. 1.

[14] The recent agreement between western Germany and Cyprus, providing for the temporary employment of unskilled Cypriot workers in the former, is a venture from which both countries are likely to benefit.

[15] "How to use manpower most efficiently is the constant concern of employers but in many workshops and factories life will tend to go on in 1961 much as it did in 1960 or 1959, with the same men doing much the same jobs in the same way. Competition in world markets, on which we depend for our living, grows ever keener. To meet this situation Great Britain can no longer afford to employ three men on a job which can safely and reasonably be done by two." (*Bulletin of the British Employers' Confederation*, 4 January 1961.)

[16] For consumer-goods and investment-goods industries the corresponding shares were 70 per cent and 66 per cent respectively (see, *Monatsberichte des Österreichischen Institutes für Wirtschaftsforschung*, *op. cit.* p. 528).

[17] See "Die Lage der Weltwirtschaft und der westdeutschen Wirtschaft um die Jahreswende 1960", *Beurteilung der Wirtschaftslage durch Mitglieder der Arbeitsgemeinschaft deutscher Wirtschaftswissenschaftlicher Forschungsinstitute*, and *IFO Schnelldienst*, 21 December 1960.

[18] See *ISCO Congiuntura Italiana*, No. 2, 1960.

TABLE 4

Changes in the employment pattern, 1958-1960

		Employed labour force [a] (thousands)					Percentage change over previous year													
		Total	Agri-culture	Industry	Building	Services	Mines	Metal-lurgy	Engineer-ing	Chemi-cals	Tex-tiles	Cloth-ing	Wood	Paper	Print-ing	Leather	Rubber	Building ma-terials	Food	In-dustry [b]
Austria . . .	1958	3 539	1 035																	
	1959	3 574	1 022				−4.5	. .	1.5	2.9	−5.0	1.6	0.5	−0.7	. .	4.0	. .	1.2	0.8	−0.4
	1960	3 620	1 005				−2.5	. .	4.4	4.9	2.1	6.5	2.8	2.4	. .	1.1	. .	2.2	0	3.2
Belgium . . .	1958	3 508	276	1 363	240	1 629														
	1959	3 473	264	1 325	242	1 642	−10	−1.2	−5.6	0.9	−1.2	−2.2	−5	−1	−2.2	0	−6	4	−0.7	−2.7 [c]
	1960			1 334	247		−13	4.3	5.0	0.5	0.2	3.0	6.4	2.9	1.6	−1.4	12	8.2	1.6	1.5
Denmark . .	1958																			
	1959						. .	—— 8.1 —		8.0	4.8	5.8	6.0	— 5.6 —		. .	. .	11.7	4.6	7.2
	1960						. .	—— 8.5 —		2.3	2.0	−0.9	8.0	— 5.0 —		. .	. .	11.1	5.5	6
France . . .	1958	18 678	4 745	4 915 [d]	1 071 [d]	2 664 [d]														
	1959	18 653	4 609	4 809 [d]	1 056 [d]	2 669 [d]	−2.4	−0.6	−2.3	0.2	−5.7	−4.8	−4.5	−0.2	0.1	−4.1	. .	−2.3	3.2	−2.2
	1960			4 836 [d]	1 053 [d]	2 686 [d]	−4	2.5	1.1	2.0	0.4	1.2	−2.4	1.8	1.0	0	. .	−0.3	1.0	0.7
Western Germany [e]	1958	24 180	3 950	— 11 495 [f] —		8 735														
	1959	24 465	3 800	— 11 655 [f] —		9 010	−6.6	0	2.6	3.0	−3.9	−1.0	−2.3	0.8	2.6	−7.0	5.4	1.8	0.1	1.9 [c]
	1960	24 850	3 580	— 12 030 [f] —		9 240	−8.7	6.5	7.4	5.8	3.3	4.3	0.6	6.7	−0.3	0	9.3	1.6	1.2	2.9 [c]
Netherlands [g] .	1958	4 242	468	1 340	362	2 072														
	1959	4 263	453	1 359	369	2 089	−1.6	3.5	2.0	2.6	0.4	1.9	1.5	3.7	1.8	4.5	7.3	2.7	1.0	1.2 [c]
	1960	4 300	430	— 1 765 —		2 105	−4.7	6.8	5.2	3.9	0.6	1.2	2.2	3.2	2.5	0	6.8	1.6	0.8	3.0
Norway . . .	1958	1 468	353	386	120	609														
	1959	1 473	347	385	123	618	−3.4	2.6	−1.2	−1.4	6.8	−0.8	−4.2	1.5	0.5	4	0	1.8	−0.2	−0.2
	1960	1 487	343	394	121	629	−2.3	6.5	3.7	0	2.7	1.2	1.8	4.1	2.5	−4	6	3.4	1.1	2.5
Sweden . . .	1958	3 182	513	1 051	284	1 334														
	1959	3 210	502	1 054	298	1 356	−10.8	10	−0.8	1.3	−4.1	−3.9	−1.6	2.8	0	2.8	1.8	−1.5	−0.8	−0.4
	1960	3 288	492	1 104	302	1 390	0	7	6.1	4.2	3.7	1.9	5.8	4.4	1.4	2.4	8.3	3.0	−1.6	4.1
United Kingdom [h]	1958	23 694	1 009	9 687	1 506	11 492														
	1959	23 762	999	9 677	1 523	11 563	−3.6	−0.9	0.1	1.2	−2.3	0.4	2.8	2.1	1.1	2.4	1.2	0.7	1.7	0 [c]
	1960	24 111	971	9 969	1 541	11 630	−7.4	7.7	5.3	2.4	1.4	2.3	4.4	5.4	4.3	0	6.9	4.0	1.4	2.9 [c]

Sources and methods : See Appendix B.

[a] Labour force including armed forces.

[b] Excluding building.

[c] Including small industry and handicrafts.

[d] Wage- and salary-earners in establishments only.

[e] Excluding Saar. However, the percentage increases are calculated on the basis of figures including Saar.

[f] Wage- and salary-earners for September 1958, 1959, and 1960: industry 9,161, 9,338, 9,616; building 2,100, 2,185, 2,144.

[g] Labour force data expressed in man-years.

[h] Great Britain only.

employment between 1958 and 1960, with especially large increases in Austria, Denmark and Sweden; in contrast, the building sector generally barely maintained its labour force. The table further shows not only the absolute importance of services in total employment, but also the not unexpected continuation of the long-term tendency for their share to increase — given both the steadily growing importance of services in total private consumption and the slow growth of productivity in some service branches.

Within industry there were also significant shifts towards those branches which have expanded most — and which were generally also those where labour productivity has risen fastest. Thus, in all the countries shown, there was a substantial outflow from mining;[19] and the largest gains occurred in the metal-making and engineering industries[20] and regular, if slower, increases in chemicals. The textiles industry in most countries did not retrieve in 1960 the labour released in 1959; and in the clothing industry employment was either stationary or declined from 1958 to 1960. Other changes in the employment structure were related to the output and demand pattern of the country in question. In Sweden, for example, employment in the saw-mill industry increased very sharply; in the United Kingdom numbers employed in paper manufacturing expanded rapidly from 1959 to 1960, and in Denmark the building materials branch increased its employment exceptionally fast.

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[19] The loss of labour from the coal-mining industry will be referred to in the following section. In the coal-mining industry productivity increases were, however, high, partly as a result of mechanization and modernization, but partly also because of dismissals of previously under-employed labour.

[20] The rates of increase would be greater still in some countries, if the shipbuilding industry is excluded.

3. DEVELOPMENTS IN SELECTED SECTORS OF INDUSTRY

Coal-mining

In 1959, the main task of the western European coal industry was twofold: to attempt to adjust supply to flagging demand; and to facilitate cost reduction. To this end, producing countries adjusted their output by concentrating production in new or reconstructed mines and in new workings in old mines, and by closing marginal pits; further measures were also taken to improve productivity. In 1960, as these efforts were continued and began to yield results,[20a] demand revived. The most severe crisis faced by the industry since the depression of the inter-war period has come to a turning point, and its end may be in sight.

The sharp decline in consumption of solid fuels in western Europe in 1958 and 1959 had come to a halt by the beginning of 1960. By the summer of 1960 apparent consumption of solid fuels was some 5 per cent higher than a year before, although remaining below the level of the same period of 1958. The recovery in demand stemmed principally from the steel and electricity-generating industries, although the rate of increase in demand from the steel sector slowed down towards the end of the year in most countries. Quickly expanding output in other industrial branches did not, however, benefit sales of solid fuel — partly because of more efficient use of coal, but mainly because of a further shift in favour of electric power and oil within total energy consumption. The consumption of railways and gas works continued to decline. As for household consumption, the cooler summer of 1960 and the low level of merchants' stocks led to a higher volume of sales than a year earlier. Thus, the increased demand from the steel industry and the power stations was more than enough to offset falling demand in other sectors, which were changing the pattern of their energy consumption.

Output of coal in western Europe fell by 3 per cent in 1960, compared with a decline of 5 per cent in 1959 (see Table 5); but the various countries participated unequally in this movement. In 1959 the main reduction was in Belgium, and output in the United Kingdom, western Germany and elsewhere either declined little or remained at the 1958 level. In 1960 there was a further decline of 6 per cent in the United Kingdom and of 3 per cent in France, whereas the other countries maintained output at nearly the 1959 level and in the Netherlands production rose by 4 per cent. A significant indication of the improved situation in ECSC countries, other than France, was the reduction in short-time working.[21]

There was also a promising reduction of pit-head

[20a] Important gains in productivity — due mainly to previous investment in mechanization, rationalization etc. — also owe something to two special factors. First, the labour force has declined rapidly from 1957 to 1960; second, productivity has been affected by the drastic curtailment of overtime working.

Underground output per man-shift

Annual averages in kilogrammes

	Belgium	*France*	*Western Germany*	*Saar*	*Netherlands*	*United Kingdom*
1958	1 154	1 680	*1 642*	1 797	1 522	1 639
1959	1 265	1 716	*1 845*	*1 851*	1 619	1 721
1960[b] . . .	1 423	1 795	—— 2 053[a] ——		1 781	1 803
Percentage increase 1960/1959	+12	+5	—— (+11) ——		+10	+5

Source : ECE, *Quarterly Bulletin of Coal Statistics.*

[a] As from 1 January 1960 Saar included under western Germany.

[b] Average of eleven months.

[21] In the first eleven months of 1960, 5.7 million tons of output were lost through short-time working, as compared with 11.9 million tons in the same period of 1959.

TABLE 5

Production, pithead stocks and imports of hard coal in selected western European countries

Thousands of tons

		1958	1959		1960	
			First half	Second half	First half	Second half
Belgium	Production	27 062	11 515	11 242	11 500	10 918
	Pithead stocks [a]	6 928	7 627	7 496	7 417	6 500 *
	Net imports	2 480	1 673	1 034	880	670 [b]
	Imports from United States	1 879	795	253	342	420 [b]
France	Production	57 720	29 346	28 262	28 779	27 180
	Pithead stocks [a]	7 380	10 339	10 995	12 438	13 264
	Net imports	12 275	4 999	4 539	4 327	4 565 [b]
	Imports from United States	2 763	394	378	230	400 [b]
Saar	Production	16 423	7 995	8 254	..	..
	Pithead stocks [a]	898	1 363	1 436	..	..
	Net imports	−6 128	−2 936	−3 099	..	..
	Imports from United States	10	—	—	..	..
Western Germany [c]	Production	132 581	63 089	62 498	71 425	70 862
	Pithead stocks [a]	8 565	11 265	10 330	10 870	7 143
	Net imports	5 051	−1 686	−2 353	−5 896	−4 860 [b]
	Imports from United States	11 347	3 065	1 551	1 991	2 480 [b]
Total ECSC countries	Production	246 390	118 230	116 682	118 179	115 716
	Pithead stocks [a]	24 538	31 639	31 193	31 667	28 745 *
	Net imports [d]	27 982	8 666	6 367	6 577	7 530 [b]
	Imports from United States	25 821	8 486	5 517	5 884	6 480 [b]
United Kingdom	Production	219 208	110 830	98 635	103 586	92 980
	Pithead stocks [a]	19 984	29 184	36 243	35 339	32 296
	Net imports	−4 369	−1 781	−2 278	−2 800	−2 690 [b]
	Imports from United States	92	—	—	—	— [b]

Sources : CECA, *Bulletin statistique charbon et acier* ; ECE, *Quarterly Bulletin of Coal Statistics for Europe* ; and national statistics.

[a] End of period. [b] Estimates, based on five months. [c] Including Saar in 1960. [d] Excluding intra-trade.

stocks between the end of 1959 and the end of 1960 — by 2 million tons or 8 per cent in the ECSC countries and by 4 million tons or 11 per cent in the United Kingdom. Nevertheless, the combined stocks of these countries amounted at the end of the year to 61 million tons, the equivalent of seven weeks' output.[22] Stocks were run down faster in the fourth quarter of last year and in the first quarter of 1961. The improvement in the stock situation was accompanied by a further decline in imports, almost all of which was due to the fall in imports from the United States by 1.6 million tons, or 12 per cent, from the 1959 level.[23] However, in 1960 these imports still amounted to almost 12.4 million tons.

The coal industry faces 1961 with greater confidence, but no marked increase in demand for solid fuels is anticipated. Among the reasons for this cautious evaluation of prospects are: the likelihood of a slower rate of industrial expansion in 1961 than in 1960; greater efficiency in the use of coal — particularly in the steel industry and power stations; the prospect of increased hydro-electric output; and, above all, the continuing structural shift towards oil and natural gas in total energy consumption. During the summer of 1960, deliveries of black oils in western Europe rose by 15 per cent — a similar rate of increase as in the summer of 1959, despite the redoubled efforts of coal producers to increase competitiveness and the levying of taxes on fuel oils in some countries. Even though some headway has been made in 1960 in rendering coal more competitive, the difficulty of competing successfully with fuel oil consists in the greater price flexibility of the latter, the reasons for which were set out in some detail in the last SURVEY.[24]

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[22] Normal stock requirements do not exceed between one and two weeks' production. Stocks held at present include all qualities and grades of coal, although, by the end of 1960, stocks of household coals, especially graded anthracite, were falling rapidly, and special measures were taken in producing countries to ensure that there would be sufficient supplies of household coal for the winter.

[23] In 1959, this decline was of the order of almost 50 per cent.

[24] See, *Economic Survey of Europe in 1959*, Chapter I, p. 33.

TABLE 6

Production of crude steel in selected western European countries

Thousands of tons

Country	1958	1959		1960	
		First half	Second half	First half	Second half
Belgium	6 007	3 069	3 364	3 647	3 534
France	14 605	7 489	7 730	8 629	8 650
Saar	3 459	1 782	1 811	16 685	17 409
Western Germany	22 786	11 796	14 028		
Italy	6 267	3 157	3 605	4 113	4 102
Luxembourg	3 379	1 768	1 897	2 030	2 054
Netherlands	1 438	794	876	953	986
Total ECSC	57 941	29 855	33 311	36 057	36 735
Austria	2 395	1 181	1 331	1 528	1 648 [a]
Sweden	2 403	1 460	1 381	1 626	..
United Kingdom	19 882	9 817	10 696	12 586	11 955
Total OEEC	83 704	42 862	47 331	52 470 *	52 300 *
Spain	1 551	957	872	942	940 *
Yugoslavia	1 119	621	678	730	730 [b]

Sources: ECE, *Quarterly Bulletin of Steel Statistics for Europe*; and national statistics.

[a] Five months at half-yearly rate.
[b] Four months at half-yearly rate.

The Steel Industry

World output of crude steel rose in 1960 by about 38 million tons or 13 per cent, and western European production — rising from some 93 million to 109 million tons — accounted for about two-fifths of this increase (see Table 6). For almost all western European steel-producing countries 1960 was a boom year, with output reaching previously unattained peaks and capacity — which continued to expand appreciably [25] — well employed. Yet in the last months of the year the prospects for a continuation of the high rate of expansion became more doubtful. By the end of the year the market was characterized by a differentiation between products, with demand for the lighter products of the industry less buoyant than that for the heavier grades, and with some countries more affected than others by this lack of market uniformity.

In 1960, output of crude steel in the three major western European producers — western Germany, the United Kingdom and France — rose by 16, 20 and 14 per cent respectively. Total output of the ECSC was — at 72.8 million tons — 15 per cent above the 1959 level, and only 17 million tons beneath that of the United States.[26] Among smaller western European producers, production continued to rise quickly in Italy (from 6.8 million to 8.2 million tons) and Yugoslavia. Strong demand at home, appreciable additions to stocks in the first three quarters of the year, and large exports led to virtually full utilization of capacity, lengthening delivery dates, rising imports and firm domestic prices.[27]

The first signs of some slackening in the expansion came in August 1960. Exports weakened, at least for some products; as supplies were diverted to domestic markets, delivery dates shortened and precautionary buying diminished. Imports bore the brunt of the adjustment: in the United Kingdom, steel imports in October-November 1960 fell to 40 per cent of the rate in the second quarter. Some orders were cancelled and the flow of incoming orders slightly declined. Total deliveries in ECSC countries exceeded new orders by 1.1 million tons between August and October; but the resultant decline in outstanding orders was reversed in November and December, and by the end of the year outstanding orders were the equivalent of three months' output at full capacity.

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[25] Thus, planned investments in steel in the six ECSC countries were $838 million in 1960, as against $590 million for 1959. In the United Kingdom, the capital cost of extension projects was also substantially higher than in 1959 (see, " The Outlook for Steel ", *Steel Review*, 3 January 1961).

[26] Crude steel output in the United States was 90 million tons in 1960, 5 million more than in 1959 (a year marked by a long steel strike). Capacity utilization declined markedly from the first to the last quarter of 1960.

[27] Steel imports into the United Kingdom amounted to 1.02 million tons in the first three quarters of 1960 — i.e. four times as much as in the corresponding period of 1959.

As mentioned above, there were marked divergencies in the development of demand for individual steel products. Basically, demand for steel used in construction and heavy engineering remained strong, whereas it gradually weakened for steel used for consumer durables, particularly motor cars (except in western Germany) and appliances.[28] Although there is some scope for substitution between steel uses, the two markets are sufficiently segregated for that for sheet or tinplate to have shown gradual signs of weakness, while that for heavy plates, sections and reinforced bars continued buoyant.

The differentiation has been most marked in the United Kingdom, where demand for sheet steel has clearly moderated as a result of cuts in output in the motor-car industry [29] and uncertain short-term prospects for appliances. In this sector some factories, affected by declining orders, have operated well below capacity and on short time. By contrast, the order books for other types of steel especially for use in the machine-tool industry, have improved and delivery dates have lengthened.[30] In other western European countries the problem of market differentiation more or less resembled that in the United Kingdom — except in Italy, where all branches of the steel industry enjoyed boom conditions.

Although the prospects for 1961 are difficult to appraise under these circumstances, some generalizations appear reasonably safe. The underlying trend for the steel industry is still strong; and the order books of western European producers are still satisfactory, though the weakness of the sheet market calls for caution. All countries expect crude steel capacity to rise further in 1961 — and quite substantially in the largest steel-producing countries. A further increase of output over the record level of 1960 is likely, although the rate of increase may well continue to slow down for some time; and the rate of capacity utilization is likely to decline. Finally, it is likely that imports of steel into western Europe will be far lower than in 1960, when additions to stocks were important.

Shipping and Shipbuilding — Incipient Recovery

Shipbuilding in western Europe was one of the very few depressed sectors which did not share in the general expansion of output in 1960. The effects of the post-1957 slump in the freight market still linger; and the improvement in freight rates which took place in 1960 was not big or sure enough to bring about a revival.

In the *shipping* market, the outstanding development of 1960 was a gradual drift towards better balance between the supply of and demand for sea transport. Freight rates, both for dry cargo and tankers,[31] rose slightly — but to levels which, by any criterion, were still low (see Chart 4).

The cautious optimism of the shipping community was due less to the firmer freight market than to the marked increase in the employment of ships. Provisional data indicate that in 1960 an additional gross tonnage of some 9 million to 10 million was put to work.[32] New launchings amounted to some 8.3 million gross tons; but, since about 3 million tons were scrapped (the same tonnage as the year before), previously idle vessels had to be brought back into service. In consequence, by the end of 1960 laid-up tonnage was reduced to less than 3 million tons (2 per cent of the world active fleet) as against just over 9 million tons at the end of 1959. In 1960, both supply and demand factors — the latter caused by the expansion of world trade — favoured this development, which has, however, somewhat different implications for dry-cargo vessels and for tankers.

The dry-cargo market has palpably improved. Less than 2 million gross tons of tramp tonnage is now laid up — a very small volume, given that only 15 of the 226 ships now laid up were built in the postwar years and that unemployed oil tankers have in recent years invaded the dry-cargo market for grains. [33] Since freight rates for dry cargo are largely determined by the volume of grain shipments — demand for which has risen lately — the short-term outlook is for further recovery. It is difficult to evaluate the longer-run prospective demand for grain traffic, and the importance of coal shipments will gradually decline; [34] but a gradual rise in demand for shipment of ores and, increasingly, of manufactures — especially machinery — seems likely. On the supply side, there are conflicting factors: the dead-weight of idle tonnage is slowly dwindling, but tanker competition for grain shipping is serious; moreover, productivity has vastly increased in terms of both faster voyages and quicker stevedorage.

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[28] For the United Kingdom it has been estimated that metal consumer goods constitute 17 per cent of domestic steel consumption (of which cars account for about one-third, or 6 per cent), building for 15 per cent and capital goods, including plants, for 45 per cent (see *Steel Review*, *op. cit*).

[29] See p. 18 below.

[30] Some sectors of the heavier grade market — e.g. steel grades used in shipbuilding, coal-mining and railways, and tubes used in oil pipe-lines — have not shared in this boom.

[31] Rates for liners, which are subject to " conference " agreements, were more stable and at less depressed levels than other rates.

[32] By the end of 1960 the world fleet was 129 million gross tons.

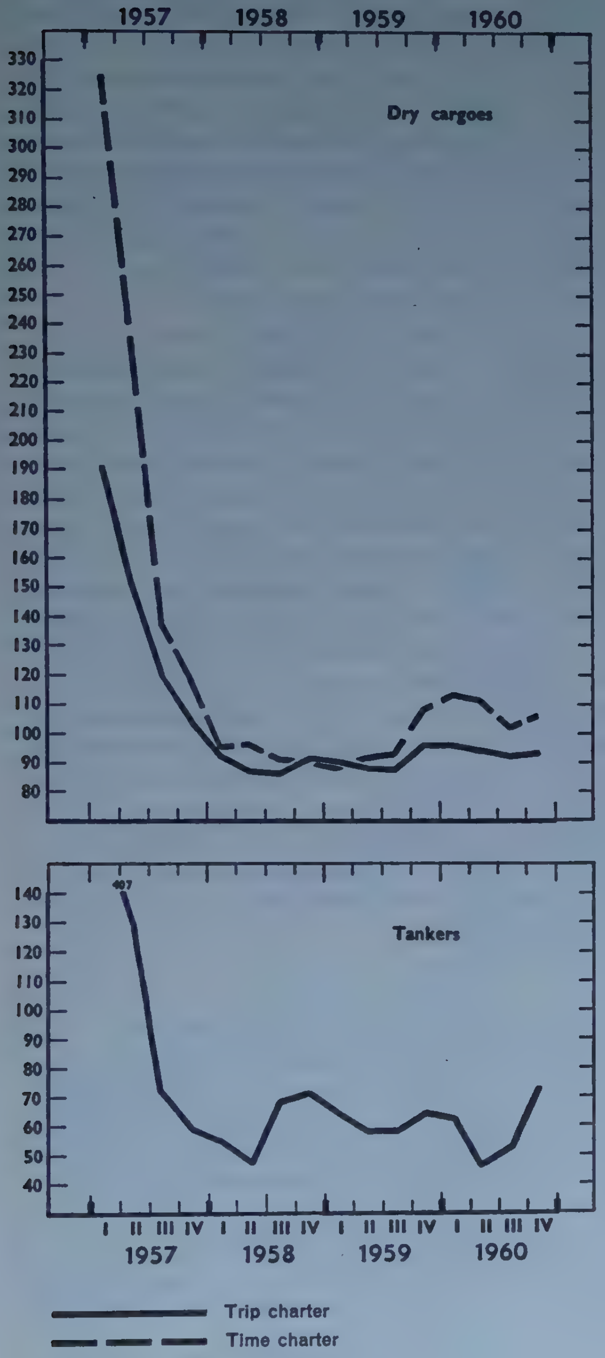
[33] It is estimated that tanker fixtures accounted in 1960 for about one-third of all reported grain business. For details, see " The Grain Tanker ", *Westinform Shipping Report* No. 162, W. G. Weston Ltd., London 1960.

[34] In the fourth quarter of 1954, 31 per cent of all reported dry-cargo voyage fixtures were for coal shipments, as against 29 per cent for grain and 40 per cent for all other commodities. In the corresponding period of 1959, the percentages were 10, 53 and 37 respectively (see *Westinform Shipping Report* No. 150, W. G. Weston Ltd., London, January 1960).

CHART 4

Index of ocean freight rates

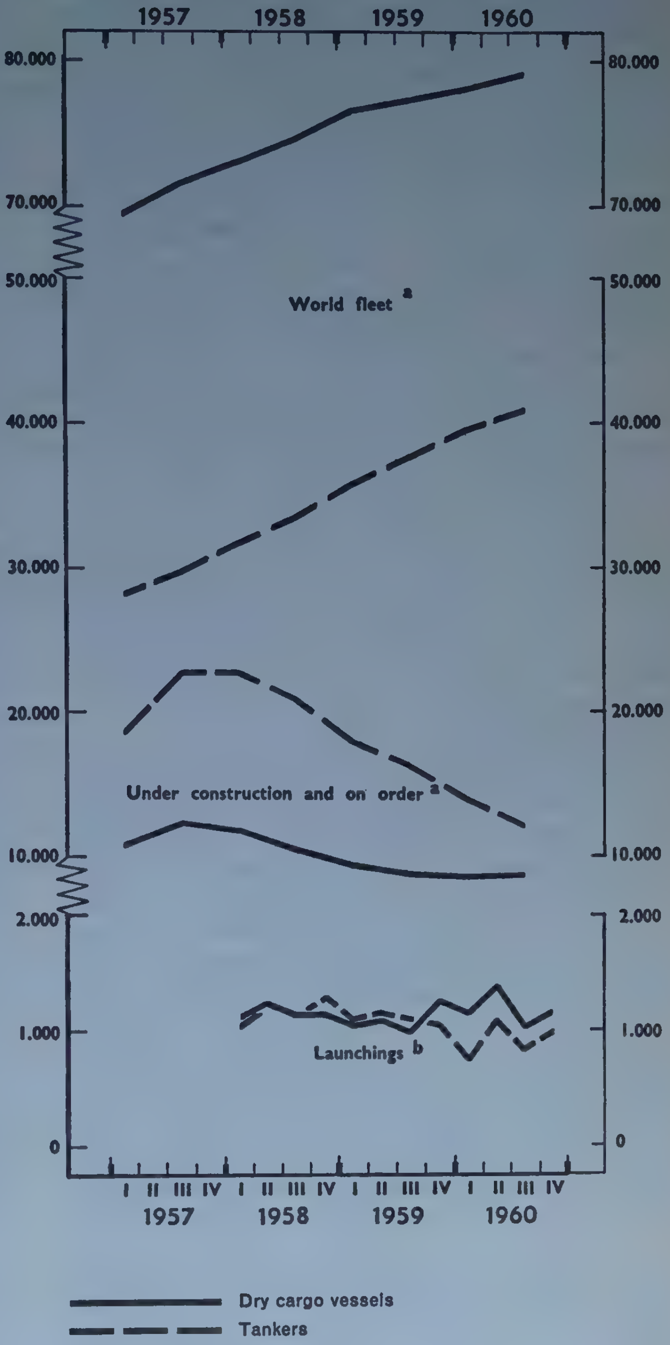
1953 = 100



Sources: United Nations, *Monthly Bulletin of Statistics*; and *Norwegian Shipping News.*

CHART 5

World shipbuilding in 1957-1960



Sources: Lloyds Shipbuilding Report; American Bureau of Shipping, *Bulletin*; *Westinform Shipping Report.*

a Ships of 1,000 tons gross and over.

b Ships of 100 tons gross and over.

Since early 1957 the tanker market has been more adversely affected by surplus tonnage than has that for dry cargoes; the ratio of laid-up dry-cargo vessels to the total fleet has never exceeded 10 per cent, whereas for tankers the peak was close to 20 per cent. In 1960, the combined effect of a high rate of scrapping, conversion to grain fixing, and a slight increase in the demand for oil shipments was a sizable reduction in the number of laid-up tankers. But the volume of new launchings continued to put pressure on rates; whereas they amounted to only 6 per cent of the total dry-cargo fleet, they were 9 per cent for tankers (compared with 12 per cent in 1959). The prospects for a recovery in tanker-freight rates appear in the short run more uncertain than for dry cargoes. By 1962 gross additions to the tanker fleet may amount to 10 million tons gross (roughly one-fourth of the present strength) or 6 million tons net (16 per cent of the present fleet). Although demand for oil transport may be expected to grow in the meantime, it may be some time before the rise in demand catches up with surplus tonnage.[35]

Shipbuilding in western Europe and elsewhere continued to be depressed in 1960 (see Chart 5). Total launchings in the world were 8.3 million tons — slightly less than in 1959 (8.7 million tons). The fall was due primarily to tankers, output of which decreased by 17 per cent from 1959, whereas output of dry-cargo vessels increased by 8 per cent.

Thus, total output in 1960 was again at the 1957 level — though still three times as high as ten years before, and twice as high as in 1954-1955. Despite these seemingly promising achievements, the industry has valid grounds for concern. Some traditionally foremost shipping nations, for example the United Kingdom, produce no more ships now than ten years ago;[36] the speedy and radical modernization of shipyards has often caused unemployment; and — most important — the industry's prospects, at least in a few countries, are uncertain. As a result of the inordinate upsurge of orders at the time of the Suez crisis, there is now an unwieldy surplus tonnage, which continues to depress freight rates — as discussed above — and which has led in 1960 to a decline of work in hand, new commencements and new orders.[37]

The present backlog of orders should suffice — on the basis of current rates of output — to keep world shipyards employed for some two to three years. But this average masks, of course, the prospects for some countries and some shipyards. Thus, the Scandinavian countries seem to have the most favourable ratio between the total backlog of orders and the current rate of output; whereas the United States and Italy are less well placed. The tendency towards a lower rate of capacity utilization may be expected to continue in all countries. Surplus shipbuilding capacity is already large: for the world as a whole, it is about one-third — as against one-fifth in 1958.[38] Under these circumstances, increasing keen competition for new orders is probable in the years ahead.[39]

In view of already heightening competition, some governments — especially those of the traditional ship-exporting countries — and shipbuilders have criticized various current practices designed to keep international competition in check or to increase the share of national yards in the falling volume of new orders. Subsidization, in particular, is criticized for disrupting market conditions, even though it is practised all over the world. Moreover, some shipowners are distressed by the spread of various restrictive practices limiting fair competition in shipping. Flag-of-convenience practices have spread little or not at all in 1960 and Greek policy of winning over to national registration vessels of Greek ownership has proved successful;[40] but flag discrimination has probably increased further. This makes necessary a more constructive review of shipping and shipbuilding problems and the adaptation of the industry to new requirements by means of better co-ordination of governmental and shipowners' policies and practices.

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[35] Some private estimates forecast a sharp revival after 1962 — see, for example, P. B. Papachristidis, quoted in the *Financial Times*, 15 December 1960. The author forecasts a shortage of tonnage after 1962. His estimate is largely determined by the belief that obsolescent tankers (primarily T/2 types) will be scrapped when they are twenty years old. He puts the tonnage of tankers becoming obsolescent between 1960 and 1965 at 12.3 million gross tons.

[36] In contrast, Japan and western Germany have markedly increased output since 1950.

[37] By the end of December 1960, 1,398 ships were under construction in the world — i.e. 8.7 million gross tons, or one million less than a year earlier. The decline was chiefly in oil tankers and affected almost all main shipbuilding countries — especially the United Kingdom and Japan. Tonnage laid down decreased progressively from 8.2 million gross tons in 1957, 7.6 million in 1958, and 7.0 million in 1959 to 6.4 million in 1960. Tonnage on order, including ships under construction — some 21 million tons by mid-1960 — was only two-thirds the level of 1958. The decline (which is explained both by the rate of completions and cancellations, and the low rate of new orders) primarily affected oil tankers, whereas for dry-cargo vessels the reduction in outstanding orders has almost come to a standstill since the middle of 1959.

[38] The present capacity of world shipbuilding is generally put at some 12.6 million gross tons (see, *Westinform Shipping Report* No. 165, W. G. Weston, Ltd., as against output of 8 million to 8.5 million gross tons. Since 1956, capacity has increased by 3.5 million gross tons.

[39] By the end of December 1960, tonnage under construction for export amounted to 3.4 million gross tons, or 39 per cent of total tonnage under construction. The main exporting countries were western Germany, Japan and Sweden, followed by the Netherlands, the United Kingdom, France and Poland; the main importers were Norway, the United Kingdom and Liberia.

[40] Measures inducing shipowners to repatriate tonnage registered under foreign flags included tax incentives. It is estimated that in the first half of 1960 some 200 vessels, totalling more than 2.1 million gross tons, rejoined the Greek flag. More than 5 million tons, or half the fleet controlled by Greek interests, now sails under the Greek flag.

The Motor-car Industry

At the beginning of 1960 the western European motor-car industry was buoyant. In the first quarter, nearly 350 thousand more passenger cars were produced in the main producing countries combined (France, western Germany, Italy and the United Kingdom) than a year earlier — an increase of 36 per cent (see Table 7). Although the rate of increase of output declined in the following two quarters, it was still well above that of the corresponding period of 1959. Except for the rather special circumstances of the British home market in the last quarter, which are considered below, domestic demand was stronger than in 1959. Exports, on the other hand, after having surpassed the corresponding level of 1959 by 44 per cent in the first quarter — the peak of the export boom stabilized in the second quarter and declined in the third.

Warning signals were given by French and British producers in the late summer and autumn. The leading French firm cut the working hours of its

TABLE 7

Production, trade and new registrations of passenger cars in western Europe

Thousands of units, at quarterly rates

	1958	1959	1959				1960			
			I	II	III	IV	I	II	III	IV
France:										
Production	231	271	266	300	218	301	312	330	227	266
Imports	2.2	2.8	1.8	3.5	2.1	4.1	4.4	6.7	5.3	8.8[a]
Exports	80	129	105	146	116	157	169	137	90	97[a]
of which : to United States	22	43	36	46	44	46	49	22	5	..
New registrations	147	141	169	152	98	147	164	192	122	..
Western Germany:										
Production	327	376	348	379	351	425	462	465	403	483[a]
Imports	16	29	22	35	25	33	31	29	15	16[a]
Exports	162	196	172	200	181	231	224	222	184	252[a]
of which : to United States	36	58	51	57	57	68	63	44	45	60[a]
New registrations	167	200	185	226	180	210	235	278	216	220[a]
Italy:										
Production	92	118	100	126	107	138	151	163	142	151[a]
Imports	1.4	2.7	2.4	2.6	2.7	3.0	4.6	5.5	4.2	..
Exports	40	53	47	58	48	60	62	63	29	47[a]
of which : to United States	7.5	12.2	10.5	14.6	10.2	12.6	11.4	3.4	1.6	..
New registrations	52	63	56	70	59	67	84	107	105	..
United Kingdom:										
Production	263	297	258	315	254	363	393	405	312	243
Imports	2.8	6.8	3.9	6.3	5.9	10.9	17.4	25.2	8.8	6.0
Exports	113	135	113	156	123	147	173	169	109	87
of which : to United States	38	52	49	60	53	46	55	48	22	7
New registrations	139	161	147	183	129	176	224	247	195	151[a]
New registrations:										
Austria	15	17	14	22	15	16	17	25	17	19[a]
Belgium	21	24	23	30	22	22	32	37	28	28[a]
Denmark	9	13	12	17	12	11	16	22	13	14[a]
Finland	3.6	5.3	4.0	7.0	7.4	3.0	2.6	8.2	8.3	4.4
Ireland	4.8	5.7	5.6	6.8	5.8	4.7	7.9	8.3	6.5	5.5[a]
Switzerland	15	17	15	23	17	14	20	28	22	20[a]

Sources : National statistics.

[a] Figures based on two months.

NOTE. — Trade data exclude " Chassis with engine ", exports of which were as follows:

		Thousands at quarterly rate		
		1958	*1959*	*1960* (9 months)
All vehicles	France	0.30	0.15	0.10
	Western Germany	6.22	4.31	1.54
	Italy	1.50	0.47	1.33
Passengers cars	United Kingdom	8.19	7.40	9.58

staff, dismissed 3,000 workers, and reduced output from 2,600 to 2,300 vehicles a day. A major British company followed suit, cutting output by about 2,000 vehicles a week and reducing the working week to three days for 3,500 workers, and to four days for another 20,000. Some other motor-car producers also reduced employment or working hours, and by the end of the year the British motor-car industry was working at about half its capacity.[41]

In the chief producing countries, the motor-car industry has become an increasingly important sector of the economy — directly, through its share in total output, employment and exports[42] and, indirectly, through the growing number of dependent subsidiary industries and services. Hence, the concern caused by slackening export demand was to be expected. Indeed, the difficulties experienced by some firms gave rise to anxiety lest the western European motor-car industry would enter a phase of serious trouble resembling that of the United States industry in 1956, when unsold cars accumulated and production shrank to 5.8 million units (and to 4.3 million in 1958) from almost 8 million in 1955.[43] An attempt is made below to assess, first, the widespread apprehensions about the short-term outlook for the industry — and, in particular, to discover whether current widespread pessimism is justified — and, second, its longer-term prospects.

It is evident from the data shown in Table 7 that the decline of exports in the second and third quarters from the record levels of 1959 and the first quarter of 1960 was wholly due to the fall in sales to the United States; exports to other markets continued to expand, but more slowly. The abrupt decline in motor-car exports to the United States is commonly ascribed to the successful introduction of the American "compact" models towards the end of 1959. Yet this development, and its effect on import demand, should not have surprised western European car manufacturers; for the construction of these models, competitive in price and running costs with certain types of western European cars, was announced much earlier. It should have been obvious, therefore, that the extraordinary surge of exports to the United States from 1958 to 1959 could not be expected to continue. Motor-car sales to the United States — even after the setback of 1960 — still remain far above the 1958 volume (with the exception of Italian exports). Nevertheless, it seems that western European manufacturers greatly under-estimated the probable impact of the compact car on their sales.

Exports of passenger cars to the United States [a]

Thousands

	1958	*1959*	*1960*
France	61	126	77
Western Germany	98	165	152
Italy	19	35	16
United Kingdom	109	162	125

Sources : Table 7 and the *Economic Bulletin for Europe*, Vol. 11, No. 1.

[a] First nine months of each year.

The following questions have to be investigated before deciding how serious the setback in the United States market is for the short-term prospects of the western European motor-car industry: first, how important is the United States market in total production and exports of the motor-car industry in the producing countries; second, is the decline in exports likely to continue, or was it a once-for-all adjustment; third, has the decline in demand for imported cars affected all models and all major western European exporting countries equally ?

In 1959 the share of exports and production going to the United States was higher in the United Kingdom than in other European producing countries. But, even there, the fall in exports to the United States between 1959 and 1960 amounted to no more than some 6 per cent of total output in 1959. The redirection of this loss, after a certain period of adjustment, to both the home market and alternative export outlets should not be too difficult.

Exports of passenger cars to the United States

	Percentage of total exports			*Percentage of total output*		
	1958	*1959*	*1960* [a]	*1958*	*1959*	*1960* [a]
France.	27.5	33.3	19.2	9.5	15.9	8.7
Western Germany.	22.2	29.6	24.1	11.0	15.4	11.4
Italy.	18.7	23.0	10.6	8.2	10.3	3.6
United Kingdom .	33.6	38.5	27.7	14.4	17.5	11.3

Source : Table 7.

[a] First three quarters.

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[41] A reduction in the working week was generally preferred to dismissals; redundant workers were often absorbed by the commercial vehicles sector, which was flourishing by comparison; but the slackening of demand appears now to be spreading to some sections of the commercial vehicles industry.

[42] For France, western Germany, Italy and the United Kingdom combined, passenger car exports accounted for 48 per cent of production in 1959 and for 80 per cent of the increase in output between 1958 and 1959. The share of passenger cars in total exports in 1959 was over 8 per cent in France and western Germany and over 6 per cent in Italy and the United Kingdom.

[43] Information about the level of domestic stocks of unsold cars in western European producing countries is scattered and incomplete. The increase in apparent stocks of passenger cars during the first nine months of 1960 does not seem to have been unduly high, although stock-building on the eve of the winter season is abnormal. These additions amounted in France to one-eighth and in western Germany to one-third of a month's output. In Italy, they were negligible. In the United Kingdom, where apparent additions to stocks were already relatively high in the last quarter of 1959, stocks of unsold cars appear to exceed 100,000 units, which probably corresponds to at least two months' output at current rates of production.

TABLE 8

New registrations of imported cars in the United States, by country of origin and by type

	Number of new registrations of imported cars (Thousands)						Percentage share in total registrations of imported cars		Percentage change over corresponding period of previous year		
	January-June		July-December		January-December						
	1959	1960	1959	1960	1959	1960	1959	1960	Jan-June 1960	July-Dec. 1960	Jan.-Dec. 1960
Total all types	292	270	318	230	610	500	100	100	−8	−28	−18
of which : French	64	57	77	38	141	95	23	19	−11	−51	−33
West German	97	111	105	109	202	220	33	44	+14	+4	+9
Italian	20	14	21	10	41	24	7	5	−30	−52	−41
British	97	77	99	58	196	135	32	27	−21	−41	−31
Swedish	12	9	11	9	23	18	4	4	−25	−18	−22
" Economy ", sport and luxury cars	135	160	166	150	301	310	49	62	+19	−10	+3
of which : French (Renault)	39	39	52	21	91	60	15	12	—	−60	−34
West German	61	84	73	96	134	180	22	36	+38	+32	+34
of which : Volkswagen	*55*	*77*	*65*	*88*	*120*	*165*	*20*	*33*	*+40*	*+35*	*+38*
British	35	37	41	33	76	70	12	14	+6	−20	−8
of which : sport and luxury	*21*	*23*	*22*	*20*	*43*	*43*	*7*	*9*	*+10*	*−9*	—
Total of five " captive " makes (Simca, Opel, Taunus, Vauxhall and British Ford)	75	48	72	32	147	80	24	16	−36	−56	−46

Sources and methods : See Appendix B.

The figures below, and those in Table 8, throw some light on the development of demand for western European motor-cars in the United States.

Apparent stock accumulation of European passenger cars in the United States

Thousands

	1959 First half	*1959 Second half*	*1960 First half*	*Cumulative increase in stocks*
French	18	13	14	45
West German	11	20	−4	27
Italian	5	2	1	8
British	12	—	26	38
Total	46	35	37	118

Source : Tables 7 and 8.

NOTE. — Apparent change in stocks equals imports of European cars into the United States minus new registrations of European cars.

The addition of almost 120,000 cars to total United States stocks seems remarkably high in relation both to total imports of western European cars and to the total stocks of unsold cars.[44] The drastic cut in imports in the second half of 1960, when collated with registrations, suggests that stocks of European cars have by now been considerably reduced — data on imports and new registrations in the second half point to their decline by about 80,000 units.[45] It is possible that the fall in imports has been caused, at least in part, by a stock adjustment and cannot be wholly ascribed to a decline in basic demand.

In Table 8 an attempt is made to distinguish roughly between sales of different types of western European motor-cars in the United States: on the one hand, the small (or economy) cars, and sports and luxury cars; and, on the other, models which compete directly with the compact car. It appears that the former group of cars was scarcely affected by the success of the compact model; demand for them has, for the most part, apparently stabilized or further increased. Volkswagen registrations were nearly 40 per cent higher in 1960 as a whole than in the preceding year; and at the same time their share in total United States motor-car imports rose from 20 to 33 per cent. The French Renault, by contrast, which also belongs to the category of small cars, lost one-third of its sales, and heavy stocks appear to have accumulated.[46] It seems reasonable to suppose that the setback undergone by the French small car was due not so much to competition from the compact models as to the rapid advance of the Volkswagen.[47] Both west German and British sports and luxury models maintained their 1959 position in 1960 and certain makes even made some further headway, indicating that a market, limited as it is, continues for them in the United States. The outlook thus seems unfavourable only for those cars which directly compete with the American compact model in terms of price, size and performance. This applies to Swedish and Italian cars exported to the United States, to some French and west German models and — in particular — to most British makes. Thus, the British motor-car industry has been hardest hit by the contraction of the United States market, not only because of the relative importance of that market in total British car exports, but also because of the high proportion of medium-sized cars in the total.

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[44] These are reported to have risen to a record figure of 1 million by the end of 1960.

[45] A reliable estimate puts stocks of European cars in the United States at three months' supply at current rates of sales (see *New York Herald Tribune*, 1 February 1961).

[46] In the first half of 1960 stocks of Renault cars in the United States are estimated to have increased by about 30,000 units. The very low imports in the third quarter led to a reduction of stocks by some 10,000 units, so that the net stock accumulation in the first nine months was about 20,000 cars. There is also reason to believe that stocks of Renault cars in the United Kingdom are high. Exports to the United Kingdom of Renault cars and parts for assembling, which had temporarily increased on account of the long waiting lists for British cars, dwindled when domestic supplies became more plentiful. For an explanation of this development, see p. 21.

In sum, the decline in new registrations in the United States is the outcome of two divergent tendencies: strengthening demand for small cars — from which the west German make has so far benefited most, and a similar general tendency in the narrower market for sports and luxury cars; and diminishing sales of cars competing with the compact model. Within the latter category, it is interesting to note that the sales which dropped most were those of the five " captive " makes, i.e. those produced by American-owned subsidiaries in Europe and sold in the United States by the distributors of the parent companies.

Estimates of total imports of motor cars into the United States in 1961 are necessarily very tentative. An official forecast [48] has put the figure at some 400,000 units. This would mean a drop of about 50,000 from the 1960 level, and of almost 300,000 from the 1959 peak, but imports would be close to the figure for 1958. Imports of spare parts will increase in importance, however, as the European car park in the United States grows — and grows older.[49] The share of spare parts in the value of total imports of passenger cars from the major western European exporting countries in 1960 already ranged between 6 and 9 per cent. Although it is not possible to forecast accurately how total motor-car imports will be distributed among supplying countries it seems probable, on present evidence, that the west German share will further increase to one-half of the total, whereas the British share may decline to some 25 per cent, made up largely of sports and some luxury cars, unless the United Kingdom produces and vigorously promotes exports of small cars of the Volkswagen type. The French share may drop to about 20 per cent.

Apart from export prospects to the United States, the short-term outlook for the western European motor-car industry depends on demand at home and, to some extent, on alternative export markets.

In *western Germany* output and exports to all destinations are still expanding and the flow of orders suggests that prospects for 1961 are good. There has, however, been a substantial shift from export sales to the home market, with the result that delivery times for domestic sales have shortened. As incomes rise, new classes of buyers are entering the car market; and for the same reason demand for large cars is growing strongly while sales of some domestically produced small and midget cars have decreased, creating difficulties for some branches of the industry. In *Italy* motor-car production (including commercial vehicles) is estimated to have reached 650,000 units in 1960 (compared with 500,000 in 1959) and may approach one million in 1961. Domestic sales are rising fast — in the first nine months of 1960 new registrations were nearly 60 per cent higher than a year earlier. Whereas in 1959 there was one passenger car to every 30 Italians, this ratio appears to have dropped to 21 in 1960.[50] The substantial increase in incomes associated with the high rate of economic growth in Italy is the main cause of the motor-car boom, but recent large cuts in the price of petrol have also contributed.[51] Italian producers, faced with a buoyant domestic market, have little cause for concern about the deterioration of export demand.

Passenger car production in *France* in 1960 is stated to have been 5 per cent above the 1959 level. The share of exports in output probably declined from 48 to 43 per cent; and although French manufacturers, in common with others, are exploring new export markets, some time will be needed for the establishment of new trade flows. In the meantime the short-term problem of offsetting the decline in sales to the United States will have to be solved, for the most part, by expanding domestic sales. In this connexion, the growth of replacement demand is expected to accelerate in the near future; more than one million passenger cars — of a total French car park of 5.6 million — are over 20 years old. On the other hand, demand from first-time buyers is likely to develop only slowly, since the ratio of cars to population is already comparatively high.[52] However, demand could be much stimulated by a reduction in taxation on cars and petrol.

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[47] Retail prices for Renault cars in the United States have recently been reduced as follows: Dauphine — from $1,585 to $1,385; 4 CV — from $1,306 to $1,109. The retail price of the Volkswagen is $1,545.

[48] United States Department of Commerce, quoted in *The Wall Street Journal*, 21 December 1960.

[49] It has been estimated that there are now almost 1.8 million European cars in use in the United States. All but 150,000 of these are not more than five years old (see *Business Week*, 17 December 1960).

[50] Although regional disparities remain very great.

[51] The price reductions which were made between November 1958 and January 1961 brought the price of petrol to a level 32 per cent below that of the post-Suez crisis and to 25 per cent below that obtaining prior to November 1946.

The production of passenger cars in the *United Kingdom* in 1960 is reported to have been some 14 per cent higher than in 1959, and the corresponding increase in new registrations was more than 25 per cent. Numbers exported remained unchanged. Despite the introduction of hire purchase restrictions in April, domestic demand remained high until the end of the summer. However, a large part of this was backlog demand for the many new models marketed in 1959 and for others which were in short supply on the home market owing to unexpectedly high export demand.[53] When the export boom petered out, domestic delivery times gradually shortened until waiting lists were eliminated. This caused a fall in used car prices, which had been pushed up by the shortage of new cars.[54] Since nine out of every ten new cars are sold under a part exchange transaction, the decline in second-hand prices had a contractionary effect on demand for new cars similar to that of an increase in prices of the latter. New registrations in October and November 1960 were some 15 per cent lower than in the corresponding months of 1959, and hire purchase sales of new cars in December were more than 50 per cent lower than a year earlier.[55]

Faced with these difficulties, manufacturers have sought measures to stimulate domestic demand for cars. One of their requests was met by the partial relaxation of hire purchase restrictions on 19 January 1961, with the extension of the repayment period from two to three years. There have been signs already of a revival of home sales, mainly of second-hand cars, but it is difficult to say how far this is due to the easing of hire purchase regulations or to purely seasonal factors. Manufacturers have also asked for a reduction of purchase tax.[56] The hesitation of the government in meeting this request is probably largely connected with anxiety lest a rapid revival of domestic demand for cars should boost steel imports and hence worsen the balance of payments. In the meantime, expectations of a purchase tax cut in the April budget are further contributing to the present slackness of home demand.

Export prospects for 1961 remain problematic. In addition to the decline of sales to the United States, exports to Canada may be affected by a new basis of valuation for duty, increasing the price of British cars by some 10 per cent. Exports to the sterling area increased rapidly in 1960, and prospects are governed by two opposing factors: the growth of local industry — particularly in Australia; and the establishment of assembly plants for British cars to counteract this tendency. This course seems also to have been adopted recently in western European markets, particularly in the Common Market countries, where the only way to overcome tariff and other obstacles is by setting up assembly plants within the countries concerned — as the main British firms have done in Belgium, the Netherlands and Italy, either directly or in agreement with local producers.[57] Quicker, though modest, advances are expected in exports to other members of EFTA.

Turning to the longer-term prospects of the western European industry, it seems that the difficulties presently experienced by the motor-car industry in some countries have not yet affected its investment plans significantly. Most western European manufacturers have announced major expansion programmes and, although it is possible that some of these plans may be delayed or rephased, no cancellations of investment projects have been reported.

A rough estimate of the planned increase in capacity, assuming that all the announced schemes are carried out, is presented below. The significance for output of enlarged capacity will obviously vary widely according to the degree of capacity utilization; the figures shown in the last two columns below would roughly indicate output at full capacity.

Estimated capacity of the western European motor-car industry in the sixties, compared with production in 1959

Thousands

	Production in 1959		Total capacity	
	Total vehicles	*of which : Passenger cars*	*1962-1963*	*1965-1970*
France	1 280	1 085	1 800	2 000
Western Germany . . .	1 711	1 503	2 000	3 500
Italy	502	471	1 200	1 500
United Kingdom . . .	1 560	1 190	2 200	3 000
	5 053	4 249	7 200	10 000
Sweden.	112	96	220	..
Total western Europe	5 165	4 345	7 500 [a]	10 000 [a]

Sources : See Appendix B.

[a] Rounded figures.

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[52] The ratio of population to passenger cars in France — of about 9 — is one of the lowest in western Europe. However, it is possible that the size of the French car park is inflated by the high number of very old cars which run only a few thousand kilometres a year.

[53] The long delivery period early in 1960 explains the extraordinarily large increase in imports from 10,000 in the first half of 1959 to 43,000 in the first half of 1960.

[54] Second-hand car prices fell by some 20-25 per cent in the first nine months of 1960.

[55] Some increase of domestic replacement demand for new cars is expected shortly, following the introduction of the compulsory annual test for cars more than ten years old, which represent about one-fourth of the British car park. However, a first result of the introduction of this measure seems to have been to depress prices of second-hand cars over five years old, with a consequent decrease of purchasing power for new cars.

[56] Of course, any reduction in the retail price by, say, 6.5 per cent would produce the same results as the cut in purchase tax from 50 to 40 per cent requested by manufacturers.

[57] British exports of car components have also tended to increase.

These figures indicate that the western European motor vehicle industry should be able to produce some 7.5 million units by 1962-1963 and some 10 million by 1965 or rather later. If the proportion of passenger cars to total motor vehicle production is maintained at its present level — roughly 85 per cent, output of passenger cars may reach nearly 6.5 million by 1962-1963 and some 8.5 million by 1965. This would mean increases by 50 per cent in the next two years, and almost doubling the 1959 level by the middle of the sixties.

In a previous SURVEY the growth of demand for motor-cars in ten industrial countries of western Europe was studied; [58] its conclusions are still valid. In the following, these estimates of prospective demand are confronted with the planned increases in output.

One of the reasons given in the study for the car park in the United States being more than twice as large, at the end of the twenties, as that in the best endowed countries of western Europe in 1957, was the much more favourable relationship between car prices and incomes in that country. Other factors favouring the growth of the United States car park in relation to western Europe are larger distances, less crowded roads, and less highly developed public transport systems. Nevertheless, the pattern of growth of the car park in western Europe between 1949 and 1959 is remarkably similar — with a substantial time-lag — to that of the United States between 1915 and 1926. Given the diverse factors leading to a comparatively faster growth of the car park in the United States than in western Europe, and even if the relation of car price to income in western Europe did not move closer to that in the United States, there is little reason why the western European car park should not maintain its past rate of increase as real incomes continue to grow (although this would involve considerable efforts to provide more and improved roads, and the solution of the problem of city congestion). At such a rate of growth the industrial countries in western Europe would, by 1965, reach the car park already achieved in the United States in 1926 — i.e. one car to every five persons.[59] This would mean that western European demand for passenger cars would have to more than double by 1965. In view of these considerations, and assuming that the ratio of exports to output does not change, the planned increase in total capacity to some 8-9 million passenger cars by 1965 does not seem excessive. Western European markets currently absorb about 3.5 million motor-cars per annum; and over one million are exported to overseas markets. If the European market doubles in size, planned expansion in capacity could be fairly fully utilized even if overseas demand remained unchanged.

It is possible, of course, that the pace of growth of demand has been somewhat over-estimated and that fluctuations in demand may result in temporary underutilization of capacity. And individual motor-car manufacturers may have made over-optimistic assumptions about their share in the market. It seems reasonable to assume, therefore, that the sixties will witness intense domestic and international competition in the car market and a movement towards greater concentration.

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[58] See the *Economic Survey of Europe in 1958*, Chapter V, section 3. The countries examined were Belgium, Denmark, France, western Germany, Luxembourg, Netherlands, Norway, Sweden, Switzerland and the United Kingdom.

[59] This disregards a possible increase in the rate of scrapping; nor does it take into account the car market in Italy, which, as has been shown above, is rapidly increasing, or potential demand of the less-developed western European countries.

4. PRICES AND WAGES

The threat, in some countries at least, of a fresh rise of costs and prices after three years of what has been generally regarded by the authorities as relative price stability may have a strong influence on government policies — and hence on rates of economic expansion — in 1961. In 1960 the increase in consumers' prices above the 1959 level ranged from 0.3 per cent to slightly over 4 per cent (see Table 9); and in most countries it was below 2.5 per cent. The upper limit was approached or slightly exceeded in three countries: in Finland — owing largely to much increased rents; in France — on account of higher rents, transport tariffs, wheat prices,[52] and costs of medical services; and in Sweden — as a result of the introduction of a general sales tax early last year. The movement of the consumer price level elsewhere was due to a decline in food prices (following generally good harvests) which was more than offset by increases in the prices of services, transport, rent and, in western Germany and Austria, of consumers' manufactures too. Increases in wholesale prices were only slight, owing to the continued weakness of prices of imported raw materials and foodstuffs.

Hourly earnings or wage rates rose in 1960 above the 1959 level by between 6 per cent and 10 per cent in Austria, Denmark, France, western Germany, the Netherlands and Sweden, and by almost 5 per cent in Norway. Their rate of increase appears to have accelerated during the year in most countries.[53] In general, the

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[52] Those prices which increased are entirely or largely determined by the government.

[53] In Table 9 wage increases are compared with the correspondingquarter of the previous year and notwith the preceding quarter, since the timing of wage settlements varies from country to country.

TABLE 9

Movements of prices and hourly earnings in certain western European countries

A = 1960 over 1959.
B = Second quarter 1960 over first quarter 1960.
C = Third quarter 1960 over second quarter 1960.
D = Fourth quarter 1960 over third quarter 1960.

Country	Wholesale prices				Consumers' prices				Hourly earnings Increase over corresponding quarter of 1959			
	A	B	C	D	A	B	C	D	First quarter	Second quarter	Third quarter	Fourth quarter
Austria	−1.1	−0.6	−0.8	−0.9	1.9	1.4	−0.1	−0.8	5.6	6.7	8.1	8.0
Belgium	−0.5	−1.0	−0.4	−0.1	0.3	−0.2	−0.2	0.5	3.4	5.1	3.2	..
Denmark	—	−0.3	—	—	..	..	..	..	5.9	7.0	..	..
Finland	3.9	0.3	0.4	1.0	3.5	0.6	0.9	0.6	4.9	6.2	6.2	..
France	2.6	0.2	−1.3	2.0	4.1	0.1	0.9	0.8	6.8 [a]	7.1 [a]	8.3 [a]	..
Western Germany	1.3	—	1.1	−0.5	2.0	—	0.3	−0.3	7.2	8.3	11.3	11.7
Italy	0.9	−0.5	—	0.3	2.4	−0.1	0.6	0.3	2.3	3.5	..	..
Netherlands	−2.3 [b]	−1.2	−1.2	−0.5 [c]	2.5	0.6	0.6	−0.3	4.7 [a]	11.0 [a]	9.8 [a]	8.7 [a]
Norway	0.1	−0.6	−0.3	0.6	0.6	0.6	−0.4	0.4	4.5 [d]	5.4 [d]	3.6 [d]	..
Sweden	2.8	0.7	—	1.1	3.9	−0.2	0.2	0.4	4.6	5.9	7.2	8.2
Switzerland	0.7	−0.7	0.3	−0.5	1.4	0.7	0.7	0.4	2.7 [a]	3.0 [a]	3.3 [a]	..
United Kingdom	1.3	0.9	0.4	0.2	1.0	0.6	0.2	1.1	1.8 [a]	2.4 [a]	2.6 [a]	3.4 [a]

Source: National statistics. [a] Wage rates. [b] Eleven months. [c] October-November. [d] Men only.

increase in wages was caused by strong demand for labour, not by adjustments in wage rates to meet a higher cost of living. In five of the ten countries shown in Chart 6, labour productivity in industry rose faster from 1959 to 1960 than hourly earnings (or wage rates); as a result, wage costs per unit of output declined. Even though quarterly data show an increase in wage costs per unit of output in some countries in the latter part of the year, it is too early to say whether this represents the beginning of a general rise.[54]

Recently, concern has been expressed in some countries lest a faster rise of prices be in prospect. Several considerations have contributed to this attitude: the downward drift of food prices may not continue; a series of administered prices has been raised for reasons independent of the cyclical situation; and finally, recent wage claims may presage mounting wage awards which, it is feared, could outstrip increases in labour productivity. In the United Kingdom, in particular, where neither output nor productivity in industry has risen since the first quarter, both the scale of wage claims and awards and the now shorter interval between rounds of wage settlements have caused official concern about the future movement of costs.

In weighing the present dangers of renewed inflationary pressures, some striking similarities between the situation at the turn of 1960-1961 and that at the turn of 1955-1956 merit attention.[55]

The two periods had the following in common: a tight labour market (though in a larger number of countries this time); some relaxation in the rate of growth of production [56] and productivity; an acceleration of wage increases; and, in consequence of these developments, nervousness about a renewal of the wage-price spiral — especially in countries where wage costs per unit of output have seemed to be rising. These resemblances justify, *prima facie*, a cursory review of price movements and their determinants during three economic phases of the fifties — the upswing from 1953 to 1955, the subsequent slow-down ending in a brief period of stagnation (and in a few countries recession) in 1958, and the revival and boom of 1959 and 1960.

Table 10 [57] shows, for each of these three periods, the increases in monetary expenditure and in exports of goods and services (expressed as percentages of gross national product) over the preceding year; these may be regarded as roughly representing the expansionary impulse in each period. The table also shows how increases in demand have been met by changes, varying from period to period and from country to country,

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[54] In western Germany virtually no further increase in productivity in the investment-goods industry was recorded in 1960, and the growth of productivity in the consumer-goods sector slowed down markedly in the course of the year (see, IFO, *Schnelldienst*, 1 February 1961).

[55] See the *Economic Survey of Europe in 1956*, Chapter III.

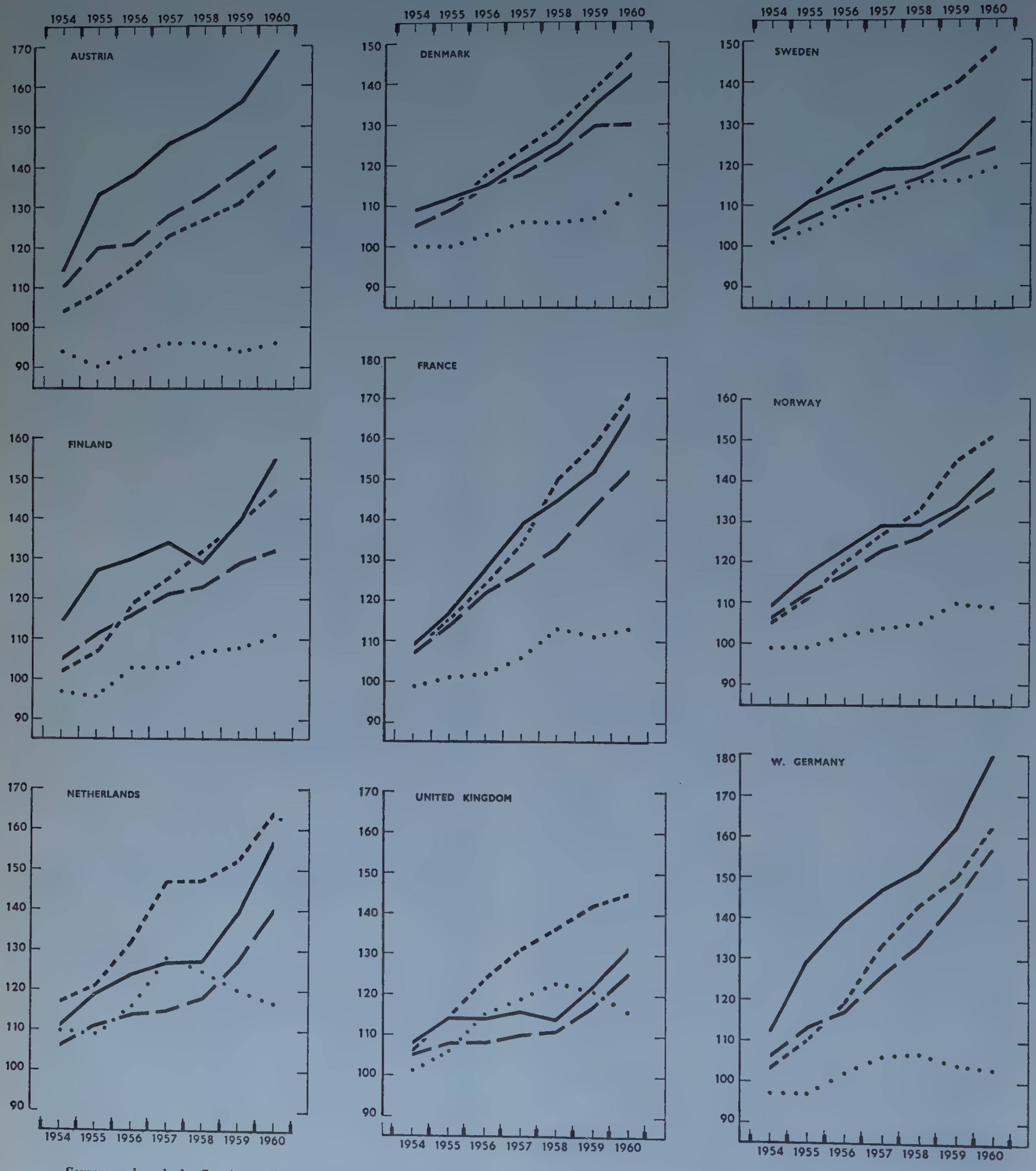
[56] But, as was shown in section 2, the pace of expansion of output speeded up again in the fourth quarter in some countries.

[57] A similar table was presented in Chapter III of the *Economic Survey of Europe in 1958*, but the discussion centred on balance-of-payments problems.

CHART 6

Production, output per man-hour and wage costs in industry [a]

1953 = 100



Sources and methods : See Appendix B.

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[a] For Austria, the Netherlands, Norway and Sweden output and wage costs per worker have been used in the absence of data relating to man-hours worked.

in the volume of domestic production and imports, and in prices.

Again, in each period most countries had much in common: in both 1953-1955 and 1959-1960, the elasticity of domestic output was high enough, together with import expansion, to satisfy growing monetary demand without appreciable price increases in most countries. In the latter period, however, three of the eight countries for which the relevant data are available for 1960 experienced slower increases in output and faster increases in prices than in the period 1953-1955. In Austria and western Germany, this was a consequence of full employment. In France, the comparatively lower rate of expansion of output was due not to physical limitations, but to the effects of the stabilization programme of 1959; and the sharper rise of prices was caused by the special factors already mentioned.

In the second phase, 1955-1958, although most countries introduced — and progressively strengthened — policies of restraint, monetary demand either continued to grow vigorously while the rate of growth of output slowed down (as in Finland and France), or slowed down much less than the rate of expansion of output. The rate of increase of imports also moderated in most countries. As a result, prices rose faster almost everywhere (Italy was the sole exception) and generally reached a peak in 1956.

But the scale of price increases differed widely among countries in that period, according to the elasticity of domestic supply and the external margin for expansion — the two being interrelated [58] — and to the effectiveness of policies designed to restrain price increases, to safeguard the balance of payments, or both.[59] The table illustrates how in western Germany and Austria an elastic domestic supply and a wide external margin rendered possible relatively rapid rates of expansion with only moderate price increases. France and Finland were at the other extreme—the price level rising by 8 per cent (annual average). Output in France was allowed to continue to increase rapidly at the expense of declining foreign exchange reserves until the end of 1958, when forceful measures of stabilization were introduced. In Finland, on the other hand, while the 1957 devaluation and other measures succeeded in checking both the decline in foreign exchange reserves and the price rise, expansion had been brought to a standstill for about three years. Considerable price increases, coupled with very low rates of expansion, were characteristic of the United Kingdom during this phase. A combination of labour scarcity, a vulnerable balance of payments, and a system of wage determination peculiar to that country, led to the adoption of policies of restraint of demand which, while abruptly checking the growth of output, did not succeed in halting the increase in wages until 1959.

Among the smaller countries that are highly sensitive to changes in world demand — Belgium, Denmark, Norway and the Netherlands — Belgium pursued consistently cautious economic policies which, in conjunction with early import liberalization, restrained price increases, but at the cost of slow expansion and continuing unemployment. The chronically vulnerable balance of payments of Denmark necessitated repeated checks to expansion; price increases were also relatively small in that country. In the Netherlands, on the other hand, the pre-eminent importance of foreign supplies and a high elasticity of domestic output restrained price increases until 1957, when a budget deficit and a sharp increase in investment demand provoked an upsurge of prices and a balance-of-payments crisis. The severe deflationary programme then adopted ended both, but at the expense of two years of slow growth. In Norway, economic expansion was, in general, comparatively slow; [60] but the volume of imports increased as the external margin widened, thanks to a fast growth of exports (in 1955 and 1956) and large imports of long-term capital. Prices nevertheless shot up in 1957. Following higher taxation and the weakening of international demand, expansion had petered out by 1958.

The movements of industrial wage costs per unit of output during 1955-1958 are shown in Chart 6. They reflect both the varying pressure of demand for labour in different countries and the degree of success of the authorities in checking a wage-price spiral by restraining overall demand and by more selective measures. It is evident that in all countries wage costs per unit of output rose at some stage during the period 1955-1958 and continued to increase after the growth of production had slowed down, even in those countries where the relaxation of pressure of demand for labour had put a brake on increases in money wages. This happened because the rate of growth of labour productivity slowed down even more than that of money wages as the rate of growth of industrial production slackened.

Chart 6 and Table 10 show that, given the general resistance of cost-price structures to downward pressure, a wage-price spiral tends to continue under its

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[58] " The impact of domestic expansion on the external balance will be smaller if the elasticity of domestic supply is high than if it is low. Furthermore, developments which strengthen the balance of payments may enter as a part of expansion in a country and thus continuously maintain the international margin for further expansion. If a rise in total activity is called forth by a rise in exports, this will by itself widen the international margin which, on the other hand, will be narrowed, if the expansionary impulse is, say, rising government demand for the output of export industries " (see, SURVEY for 1958, Chapter III, p. 13).

[59] A detailed description of experiences of various countries in these respects was given in Chapter VI of the *Economic Survey of Europe in 1959*.

[60] Despite the highest investment ratio in western Europe.

TABLE 10

Balancing of changes in total demand and supply

Averages of annual changes as percentages of previous year's gross national product

		Gross domestic expenditures	Exports of goods and services	Total demand	Production growth	Imports of goods and services	Total supply	Expenditures in excess of production	Price increase	Import surplus
		(1)	(2)	(3=1+2)	(4)	(5)	(6=4+5)	(7=8+9)	(8=3—6)	(9)
Austria	1953-1955	10.3	3.9	14.2	8.2	4.4	12.6	1.2	1.5	−0.3
	1956-1958	6.5	2.9	9.4	4.7	1.5	6.2	2.4	3.1	−0.7
	1959-1960	8.0	2.9	10.9	4.5	4.0	8.5	2.3	2.5	−0.2
Belgium	1953-1955	3.6	2.0	5.6	3.8	1.7	5.5	−0.9	0.1	−1.0
	1956-1958	4.0	1.8	5.8	1.5	1.2	2.7	0.3	3.1	−2.8
	1959	5.5	0.3	5.8	2.4	2.7	5.1	−0.7	0.6	−1.3
Denmark	1953-1955	5.2	2.2	7.4	2.6	2.2	4.8	2.9	2.7	0.2
	1956-1958	5.4	2.3	7.7	3.3	1.6	4.9	1.6	2.8	−1.2
	1959	12.3	2.5	14.8	5.0	4.8	9.8	4.6	4.9	−0.3
Finland	1953-1955	6.1	0.9	7.0	6.6	−0.3	6.3	−1.0	0.7	−1.7
	1956-1958	8.9	2.5	11.4	1.1	2.2	3.3	7.8	8.1	−0.3
	1959-1960	10.7	2.7	13.4	6.7	4.1	10.8	2.7	2.6	0.1
France	1953-1955	5.0	1.2	6.2	4.7	0.2	4.9	0.4	1.3	−0.9
	1956-1958	12.8	1.0	13.8	3.9	1.9	5.8	8.9	8.0	0.9
	1959-1960	7.3	2.8	10.1	3.8	1.6	5.4	3.3	4.7	−1.4
Western Germany	1953-1955	9.6	3.3	12.9	8.9	3.1	12.0	−2.6	0.8	−3.4
	1956-1958	7.7	3.0	10.7	5.0	2.2	7.2	−0.7	3.4	−4.1
	1959-1960	10.1	3.0	13.1	7.1	3.4	10.5	−0.8	2.5	−3.3
Italy	1953-1955	7.8	1.5	9.3	6.4	0.8	7.2	3.7	2.1	1.6
	1956-1958	6.3	1.8	8.1	5.0	1.1	6.1	2.2	2.0	0.2
	1959	5.1	1.6	6.7	6.6	0.6	7.2	−2.6	−0.5	−2.1
Netherlands . . .	1953-1955	11.5	4.3	15.8	7.9	5.6	13.5	−0.9	2.3	−3.2
	1956-1958	5.4	3.1	8.5	2.6	2.3	4.9	3.2	3.6	−0.4
	1959-1960	8.5	. .	. .	6.9	. .	. .	−3.1	1.1	−4.2
Norway	1953-1955	6.5	1.7	8.2	3.6	3.0	6.6	6.6	1.6	5.0
	1956-1958	6.0	2.4	8.4	2.3	2.7	5.0	4.7	3.5	1.2
	1959-1960	5.0	3.4	8.4	5.9	2.8	8.7	1.1	−0.3	1.4
Sweden	1953-1955	6.1	1.1	7.2	4.5	1.5	6.0	1.2	1.1	0.1
	1956-1958	6.4	2.0	8.4	2.5	1.9	4.4	4.3	4.0	0.3
	1959-1960	7.3	. .	. .	5.2	. .	. .	1.6	2.0	−0.4
United Kingdom .	1953-1955	7.0	0.9	7.9	4.0	1.4	5.4	2.0	2.5	−0.5
	1956-1958	5.1	1.0	6.1	1.5	0.1	1.6	2.9	4.5	−1.6
	1959-1960	6.3	1.0	7.3	4.6	2.0	6.6	0.3	0.7	−0.4

Sources and methods : See Appendix B.

own momentum for some time, even though the pressure of demand moderates considerably. In the United Kingdom, for example, the increase in wage costs was halted only in 1959, as the expansion of output resumed. Thus, with Britain's permanent labour scarcity, " lower demand conditions . . . had two opposing effects. Labour productivity, though it still tended to rise, rose more slowly than in previous years of high demand; and the rise in wage and salary rates was also slowed down. As a net result, the rise in average unit labour costs was at first accelerated and still continued in 1958." [61] Slowly increasing or unchanging labour productivity resulting in part from hoarding of redundant labour in some sectors has hitherto been a specifically British phenomenon. Now, as permanent labour shortages are expected in some other countries, notably in western Germany, labour hoarding is likely to become more widespread and to retard the growth of productivity whenever the growth of demand and output temporarily slackens.

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[61] See National Institute for Economic and Social Research, *Economic Review*, May 1959.

The question relevant for policy in 1961 is whether the western European economies are about to repeat the experience of the period 1955-1956 to 1958. Will the attempt to check inflationary tendencies by policies of restraining overall demand again arrest the growth of industrial output while achieving price stability only after a considerable time-lag?

A number of factors in the present situation seem to point in this direction; fortunately, however, present circumstances in some ways differ importantly from those prevailing at the turn of 1955-1956. The domestic margin for expansion may not be so narrow as has been feared in countries where labour shortages are a comparatively recent phenomenon; for the investment boom should continue, and its emphasis is increasingly on labour-saving and efficiency-raising outlays. Moreover, in western Germany and Switzerland, where the domestic margin for expansion is now narrowing, international reserves are large; and some countries which were forced to restrain the preceding upswing (in 1955-1957) for balance-of-payments reasons now have a wide enough external margin to allow imports to exert a dampening effect on prices. Trade barriers have been lowered appreciably since 1955-1957, and could be further reduced. Another positive factor is the evidence that entrepreneurs are more aware of the need to maintain or improve their competitive position within the two western European trade groupings; they are therefore less likely to pass on increases in wage costs in higher prices. Trades unions may also have seen, from a comparison of the past two years with the period 1955 to 1957, that real wages have tended to rise faster when relatively moderate increases in money wages have been coupled with rapid increases in output and productivity than during a period when the authorities have felt obliged to restrain demand and output in order to check increases in money wages.

Finally, the experience in policy-making gained during the phases of the business cycle in the fifties may prevent a recurrence of mistakes made earlier, when conditions were similar. Not only in countries which already use refined methods in their policy formulation and have successfully applied a variety of selective policy instruments, but also in those countries which have to make up much leeway in this respect, there is increasing awareness and discussion of the need to evolve means by which a wasteful marking-time can be avoided.

5. WESTERN EUROPE'S TRADE

Western Europe's trade in 1960 registered a remarkable expansion in the value of both imports and exports.[70] The import boom was the largest since the Korean war, absolutely as well as relatively, and affected all major regions of origin. Between 1959 and 1960 exports to all areas, with the notable exception of North America, also grew faster than in any year since 1951.

Intra-western European trade increased by $3.7 billion between the first nine months of 1959 and 1960, but its share in total imports rose only fractionally since the boom conditions prevailing in the region lengthened delivery dates — particularly for capital goods — and led to an increase of 43 per cent in imports from North America, where excess capacities existed (see Tables 11 and 12). The boom also raised western Europe's raw material requirements, causing imports from primary-producing countries to increase by over $1 billion, or nearly 10 per cent (a rate of increase similar to that of industrial output in western Europe); imports of raw materials and semi-manufactures from eastern Europe also rose sharply.

Western Europe's total exports rose in the same period by $5.3 billion, or 17 per cent, intra-western European trade accounting for 70 per cent of the increase. Exports to primary-producing countries rose by $1.2 billion, or 13 per cent, and those to eastern Europe and the Soviet Union by $620 million, or 33 per cent. In contrast, exports to North America fell by some 2 per cent from the very high level of 1959, when they had exceeded their 1958 value by 35 per cent (see Tables 11 and 13).

Extra-regional Imports

In contrast with the 1956-1957 expansion of imports from *North America*, which was concentrated on very few commodities, the import boom in 1960 encompassed a broad range of goods, as shown in Table 14. Between 1956 and 1957 the sudden increase in western European fuel imports following the Suez crisis accounted for more than one-half of the increase in total imports. By contrast, fuel imports were one of the few major items to decline in 1960. Imports of raw cotton constituted another 30 per cent of the 1956-1957 expansion, but represented less than 20 per cent of last year's increase; cotton imports from North America are likely to decline again in 1961, as they did between

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[70] For the year as a whole, imports rose by $8.6 billion, and exports by $6.3 billion. Apart from the decline in raw material prices, unit values of western Europe's imports and exports fluctuated within narrow limits so that volume changes tended to be parallel to changes in trade values.

TABLE 11

Western Europe's[a] trade by origin and destination

Percentage change over corresponding period of previous year

Area of origin or destination	Imports			Exports		
	1959 Year	*1960* I-III	*1960* III	*1959* Year	*1960* I-III	*1960* III
Total	+5.8	+20.7	+18.0	+8.3	+17.0	+11.2
Western Europe	+10.6	+21.7	+17.5	+10.9	+22.6	+18.3
Extra-regional	+1.0	+19.6	+18.6	+5.4	+10.4	+2.7
of which :						
North America	−5.4	+43.1	+47.7	+31.1	−1.6	−14.9
Eastern Europe and Soviet Union	+14.5	+17.2	+17.9	+9.2	+33.3	+23.0
Japan	+14.6	+41.4	+70.8	+29.0	+12.3	+20.7
Primary-producing areas	+2.3	+9.8	+5.3	−3.1	+13.2	+8.0

Sources : OEEC, *Statistical Bulletins — Foreign Trade*; and national statistics.

[a] OEEC countries, including Spain.

TABLE 12

Imports into western Europe,[a] 1951 and 1958-1960

A. *Millions of current dollars, c.i.f.*

B. *Percentage share of total imports*

Area of origin		1951	1958	1959	1959 I-III	1960 I-III	1960		
							I	II	III
Total imports		34 075	44 179	46 721	33 714	40 684	13 526	13 728	13 430
of which from :									
Western Europe	A	14 230	21 778	24 088	17 201	20 939	6 881	7 110	6 948
	B	*41.8*	*49.3*	*51.3*	*51.0*	*51.5*	*50.9*	*51.8*	*51.7*
United States and Canada	A	5 591	6 443	6 095	4 331	6 201	1 945	2 078	2 178
	B	*16.4*	*14.6*	*13.2*	*12.8*	*15.2*	*14.4*	*15.1*	*16.2*
Eastern Europe[b] and Soviet Union	A	903	1 475	1 689	1 191	1 396	456	440	500
	B	*2.7*	*3.3*	*3.6*	*3.5*	*3.4*	*3.4*	*3.2*	*3.7*
Japan	A	130	309	354	251	355	104	128	123
	B	*0.4*	*0.7*	*0.8*	*0.8*	*0.9*	*0.8*	*0.9*	*0.9*
Primary-producing areas	A	13 221	14 174	14 495	10 740	11 793	4 140	3 972	3 681
	B	*38.8*	*32.1*	*31.1*	*31.8*	*29.0*	*30.6*	*28.9*	*27.4*
of which :									
Overseas sterling area	A	6 094	6 194	6 442	4 792	5 222	1 871	1 709	1 642
	B	*17.9*	*14.0*	*13.8*	*14.2*	*12.8*	*13.8*	*12.4*	*12.2*
Other associated overseas territories[c]	A	1 622	1 853	1 665	1 217	1 457	503	508	446
	B	*4.8*	*4.2*	*3.6*	*3.6*	*3.6*	*3.7*	*3.7*	*3.3*
Other Middle East and North Africa[d]	A	1 939	2 407	2 522	1 869	1 991	711	659	621
	B	*5.7*	*5.4*	*5.4*	*5.5*	*4.9*	*5.3*	*4.8*	*4.6*
Latin America	A	2 539	2 916	3 014	2 252	2 400	762	837	801
	B	*7.5*	*6.6*	*6.5*	*6.7*	*5.9*	*5.6*	*6.1*	*6.0*

Sources : OEEC, *Statistical Bulletins — Foreign Trade*; United Nations, *Direction of International Trade*, Statistical Papers, Series T; and national statistics.

[a] OEEC countries, including Spain.

[b] Excluding western Germany's trade with eastern Germany.

[c] Coverage according to OEEC, *Statistical Bulletins — Foreign Trade*, Series A, December 1960.

[d] Lebanon, Syria, Iraq, Iran, Israel, Saudi Arabia, Egypt, Sudan, Tunisia and Morocco.

TABLE 13

Exports from western Europe,[a] 1958-1960

Millions of current dollars, f.o.b.

Area of destination	1958 I-III	1959 I-III	1960 I-III	1960 I	1960 II	1960 III
Total exports	29 466	31 205	36 521	12 423	12 264	11 834
Western Europe	15 764	16 888	20 704	6 858	6 996	6 850
United States and Canada	2 837	3 841	3 778	1 390	1 242	1 146
Eastern Europe[b] and the Soviet Union	937	964	1 284	424	444	416
Japan	180	228	257	91	81	85
Primary-producing areas	9 748	9 284	10 508	3 666	3 496	3 346
of which :						
Overseas sterling area	4 255	3 953	4 515	1 523	1 521	1 471
Other associated overseas territories	1 575	1 447	1 619	598	543	478
Other Middle East and North Africa[c]	1 339	1 255	1 474	512	492	470
Latin America	1 738	1 722	1 844	627	589	628

Sources : OEEC, *Statistical Bulletins — Foreign Trade*; and national statistics.

[a] OEEC countries, including Spain.

[b] Excluding western Germany's trade with eastern Germany.

[c] Lebanon, Syria, Iraq, Iran, Israel, Saudi Arabia, Egypt, Sudan, Tunisia and Morocco.

1957 and 1959. Imports of aircraft and machinery, which together accounted for more than one-fourth of the expansion between the first half of 1959 and 1960, continued to rise in the latter part of the year. Outstanding orders for North American jet aircraft are large enough to maintain the present rate of imports until mid-1961; and the long domestic order books for machinery and buoyant investment in western Europe point to a continued high rate of imports from North America. Armaments imports accounted for about one-fifth of the increase in western Germany's imports from North America between the first half of 1959 and 1960, and are likely to be increased in 1961. Western European imports of cereals declined moderately in the first half of 1960, but will probably increase as a result of the poor quality of the harvest.

Western European imports from the *primary-producing countries* during the first three quarters of the year were $1 billion higher than in the corresponding period of 1959; however, over three-fifths of this increase occurred during the first quarter. The long-term decline in the proportion of imports from

TABLE 14

Western Europe's[a] imports of selected commodities from North America

Change over corresponding period of previous year

Commodity	SITC Code	First half 1960 *Million dollars*	*Percentage of total change*	1957 Year *Million dollars*	*Percentage of total change*
Raw cotton	263	+227.0	*18.6*	+319.7	*30.1*
Aircraft	734	+173.0	*14.2*	+71.3	*6.7*
Base metals	68	+180.0	*14.2*	+19.2	*1.8*
of which : Aluminium	684	+72.0		+24.4	
Iron and steel	681	+50.4		+10.4	
Nickel	683	+40.0		+10.0	
Machinery	71, 72	+154.3	*12.6*	+61.0	*5.7*
Chemicals	5	+99.4	*8.1*	+53.6	*5.0*
Animal and vegetable oils and fats	4	+53.4	*4.4*	+33.5	*3.2*
Mineral fuels	3	−53.8	*−4.4*	+550.1	*51.8*
Others		+224.2	*18.4*	−91.3	*−8.6*
Total change		+1 219.9	*100.0*	+1 061.9	*100.0*

Sources : OEEC, *Statistical Bulletins — Foreign Trade.*

[a] OEEC countries, including Spain.

primary-producing countries continued, from 32 per cent in the first nine months of 1959 to 29 per cent in the corresponding period of 1960, as compared with 39 per cent in 1951.[71]

The overseas sterling area, which accounted for more than two-fifths of the total increase of imports from primary-producing countries, benefited both from higher prices of rubber, wool, and copper early in the year and from increases in the volume of western European imports of textile fabrics and certain base metals, such as tin and manganese. Since the spring of 1960, the general decline in raw material prices has offset the gains made in the latter part of 1959 by the sterling area's principal export commodities — except for raw jute, whose price was at a peak level by the end of the year.

The value of Latin American exports to western Europe, largely of cereals, animal feed, and metals and metal ores, increased; higher prices for copper and a larger volume of shipments of iron ore and non-ferrous metals combined to raise exports in the latter group of commodities. As the prices of food staples, which account for roughly one-half of western Europe's imports from Latin America, were unaffected by the raw materials boom of 1959, the subsequent softening of raw material prices has not depressed the region's export earnings. The sharp decline in Venezuela's petroleum shipments was the only significant fall in Latin America's exports, and was due to a general shift by most western European countries to Middle Eastern sources; moreover, France for the first time obtained sizable quantities of petroleum from the newly developed Saharan fields, and Italy increased its petroleum purchases from the Soviet Union. The major part of the increase in imports from the associated overseas areas of the continental countries consisted of non-ferrous metals and ores, while the increase from primary-producing countries in the Far East outside the sterling area was largely due to a doubling of oil-seed imports from mainland China and the Philippines.

Petroleum, raw materials and semi-manufactured goods such as metal ores, textile fibres, timber and hides were the imports from *eastern Europe* and the *Soviet Union* which rose most. Imports of chemicals and steel products, mainly from Czechoslovakia, also expanded; and this country, the Soviet Union and Rumania were the principal sources of larger imports from the area.

Extra-regional Exports

Western European exports to *North America* during the first nine months of 1960 were only slightly below the high level of the corresponding months of 1959, but a sharp decline had set in during the second quarter and appears to have continued until the end of the year. By the third quarter of 1960, these exports were 14 per cent below the level of the corresponding quarter of 1959 (see Table 15). About one-third of the decline was due to the return to normal of steel exports, following the end of the steel strike, but almost one-half was attributable to the steep fall in passenger car exports — by nearly three-fifths between the third quarter of 1959 and the corresponding 1960 period — to the lowest level of the past three years.[72]

Only western Germany, Italy and Sweden, of the industrialized countries of western Europe, had higher exports to North America in the first nine months of 1960 than in the same period of 1959.[73] Exports from the EEC countries fell less than those from EFTA; since they had also risen faster in 1959, the net increase in EEC exports to North America between 1958 and 1960 was twice as large, both relatively and absolutely, as that of the EFTA countries. The expansion of exports from western Germany in 1960 was largely due to increased sales of machinery and the continued success of the Volkswagen on the American market. The fall in Italian sales of motor-cars was more than offset by the rise in exports of various consumers' goods, such as clothing and shoes, as well as of office machinery and miscellaneous metal manufactures. The smaller relative increase in exports from the EFTA countries as a group largely reflected the decline in exports from the United Kingdom, which accounts for 70 per cent of total EFTA exports to North America. Falling sales of motor-cars were the main cause of this decline, which was pronounced in the third quarter of 1960. Norway experienced the largest relative decrease in exports between 1959 and 1960, on account of lower exports of metals — especially aluminium. Reduced exports of pulp from Sweden were offset by increased exports of machinery.

Whereas exports to the *primary-producing areas* were 13 per cent higher in the first nine months of 1960 than in 1959, they have slowed down appreciably since the first quarter of 1960. The export earnings of these countries, and therefore their capacity to import, have been reduced on two main counts: raw material prices fell to, or below, their 1958 level; and raw material

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[71] See also Chapter V, section 3. North American imports from this group of countries declined absolutely between the first three quarters of 1959 and the corresponding period of 1960. The decline in the primary-producing countries' share of imports into North America has been 50 per cent greater than that in western Europe during the past decade; but this is not seen in 1960 figures, for the decline in 1959 was exaggerated by the extraordinarily high imports from western Europe.

[72] For a detailed account of this development, see section 3 above.

[73] All western European countries except Greece had increased their exports to North America in 1959; only Norway lost in 1960 all the gains of the previous year. The less industrialized countries belonging neither to EEC nor EFTA, as well as Portugal, generally continued to expand their exports to North America, although at a slower rate than during 1959.

TABLE 15

Western Europe's exports to North America, 1958-1960

Millions of current dollars, f.o.b., and percentages

Exporting area	1958 I-III	1959 I-III	1960 I-III	1960 I	1960 II	1960 III	Percentage change over corresponding period of previous year 1959 I-III	Percentage change over corresponding period of previous year 1960 I-III	North America's share of total exports in 1959
Western Europe	2 881	3 899	3 834	1 400	1 277	1 157	+35.3	−1.7	11.9
EEC	1 320	1 938	1 914	704	610	600	+46.8	−1.2	10.6
Belgium-Luxembourg	228	363	317	125	101	91	+59.2	−12.7	14.7
France	231	377	352	148	110	94	+63.2	−6.6	9.3
Western Germany	521	740	750	271	237	242	+42.0	+1.4	10.6
Italy	193	277	324	105	106	113	+43.5	+17.0	13.1
Netherlands	147	181	171	55	56	60	+23.1	−5.5	6.5
EFTA	1 401	1 772	1 710	614	596	500	+26.5	−3.5	14.3
Austria	35	47	43	13	14	16	+34.3	−8.5	6.6
Denmark	88	111	108	36	37	35	+26.1	−2.7	11.1
Norway	50	69	47	20	14	13	+38.0	−31.9	10.8
Portugal	19	23	28	9.2	10.4	9.1	+21.1	+21.7	10.9
Sweden	91	133	137	53	44	40	+46.1	+3.0	8.8
Switzerland	131	158	157	48	52	57	+20.6	−0.6	13.3
United Kingdom	987	1 231	1 190	435	425	330	+24.7	−3.3	17.3
Other western Europe	160	189	210	82	71	57	+18.1	+11.1	10.1
Finland	24	35	38	12	15	11	+45.8	+8.6	5.9
Iceland	6	8	7	2.0	1.7	2.9	+33.3	−12.5	16.9
Ireland	14	22	26	10.2	6.4	9.1	+57.1	+18.2	8.6
Greece	17	13	15	10	3	2.3	−23.5	+15.4	13.6
Spain	34	45	58 *	17	21	20 *	+32.4	+28.9	13.3
Turkey	45	44	40	19.5	16.4	4.1	−2.2	−9.1	18.1
Yugoslavia	20	22	26 *	10.7	7.4	8.0 *	+10.0	+18.2	6.6

Sources : OEEC, *Statistical Bulletins — Foreign Trade*; and national statistics.

stock-building in the industrial countries appears to have given way to de-stocking in expectation of a further decline in prices.[74] Imports into the overseas sterling area continued to rise after the first quarter when export earnings were already declining; this, in conjunction with the other two factors, led to a steep decline in foreign exchange reserves of the primary-producing countries (except the Middle Eastern petroleum producers) from mid-1960 onwards. With the exception of Pakistan, whose reserve position improved as a result of higher jute prices, the trade balances of all important members of the overseas sterling area worsened; and the deterioration for the area as a whole between the first three quarters of 1959 and the corresponding period of 1960 was even larger than that of all primary-producing areas combined[75] (see Table 16).

The associated overseas territories of the continental western European countries, in common with the overseas sterling area, increased their export earnings in trade with western Europe, but in contrast with the latter, their overall imports (mostly from western Europe) only rose in step with their increased export receipts.

Exports from western Europe to Middle Eastern and North African countries outside the European monetary areas grew particularly fast; but since petroleum exports from these countries gained, partly at the expense of Venezuela, and their exports were more concentrated on the expansive western European market, their overall trade balance deteriorated relatively less than that of the overseas sterling area.

The expansion of Western Europe's exports to the overseas sterling area was concentrated on motor vehicles (accounting for one-third of the total increase) and steel products. The other primary-producing areas increased their purchases of western European machinery, rolling stock, textile fibres and steel products.

Exports to *eastern Europe* rose much more than the average to all areas, and those to the Soviet Union increased by more than two-thirds between the first

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[74] By the end of the third quarter, the American recession had affected exports from the primary-producing countries less than those from western Europe, largely because imports of petroleum and iron ore into the United States continued to increase.

[75] Exports from North America to the overseas sterling area rose by 55 per cent while imports were unchanged. This accounted for all but 15 per cent of the deterioration in the area's trade balance, which exceeded $1 billion on an annual basis.

TABLE 16

Trade balance[a] of primary-producing areas with western Europe[b] and North America

Millions of current dollars

	1959 I-III	1960 I-III	1960 I	1960 II	1960 III	Change I-III
Primary-producing areas *with*						
OEEC	+1 456	+1 285	+474	+476	+335	−171
North America	+221	−407	−93	−151	−163	−628
Total of two areas	+1 677	+878	+381	+325	+172	−799
of which :						
Overseas sterling area *with*						
OEEC	+839	+707	+348	+188	+171	−132
North America	−26	−719	−151	−174	−394	−693
Total of two areas	+813	−12	+197	+14	−223	−825
Other associated overseas territories *with*						
OEEC	−230	−162	−95	−35	−32	+68
North America	+278	+215	+90	+57	+68	−63
Total of two areas	+48	+53	−5	+22	+36	+5
Latin America *with*						
OEEC	+530	+555	+135	+247	+173	+25
North America	+212	+220	+133	+62	+25	+8
Total of two areas	+742	+775	+268	+309	+198	+33
Other Middle East and North Africa[c] *with*						
OEEC	+614	+518	+199	+168	+151	−96
North America	−168	−268	−135	−89	−44	−100
Total of two areas	+446	+250	+64	+79	+107	−196
Others *with*						
OEEC	−297	−333	−113	−92	−128	−36
North America	−75	+145	−30	−7	+182	+220
Total of two areas	−372	−188	−143	−99	+54	+184

Sources : OEEC, *Statistical Bulletins — Foreign Trade.*

[a] Since recent trade statistics for many primary-producing countries are not available, this table is based on trade figures published by the OEEC countries, the United States and Canada without adjustment of the primary-producing countries' imports to a c.i.f. basis, or of their exports to western Europe to an f.o.b. basis.

[b] OEEC member countries.

[c] Lebanon, Syria, Iraq, Iran, Israel, Saudi Arabia, Egypt, Sudan, Tunisia and Morocco.

TABLE 17

Western Europe's exports to the Soviet Union and eastern Europe

Millions of current dollars, f.o.b. and percentages

Exports from	Soviet Union				Eastern Europe				Eastern Europe and the Soviet Union			
	January-September 1959	January-September 1960	Change in value	Change per-centage	January-September 1959	January-September 1960	Change in value	Change per-centage	January-September 1959	January-September 1960	Change in value	Change per-centage
Western Europe	*436*	*628*	*+192*	*+44*	*757*	*886*	*+129*	*+17*	*1 193*	*1 514*	*+321*	*+27*
of which :												
OEEC countries[a]	*306*	*512*	*+206*	*+67*	*658*	*773*	*+115*	*+17*	*964*	*1 285*	*+321*	*+33*
of which :												
Austria	24	27	+3	+12	66	81	+15	+23	90	108	+18	+20
Belgium	5	13	+8	+153	37	59	+22	+59	42	72	+30	+71
France	59	87	+28	+48	50	75	+25	+50	109	162	+53	+49
Western Germany	44	109	+65	+146	159	172	+13	+8	203	281	+78	+38
Italy	28	62	+34	+120	52	68	+16	+31	80	130	+50	+63
United Kingdom	65	121	+57	+88	74	93	+19	+26	139	214	+75	+54
Finland	98	84	−14	−18	29	33	+4	+14	127	117	−10	−8
Yugoslavia	32	32	0	0	70	80	+10	+14	102	112	+10	+10

Sources : OEEC, *Statistical Bulletins — Foreign Trade*; and national statistics.

[a] Including Spain.

three quarters of 1959 and the corresponding period of 1960 (see Table 17). Most of the increase in exports to this area consisted of iron and steel products, machinery and heavy transport equipment. Western Germany, which continued to be the major exporter to eastern Europe and the Soviet Union,[76] achieved the largest absolute increase — mainly in exports to the Soviet Union, which in 1959 had absorbed only one-fifth of total west German exports to the area. The United Kingdom's and Italy's relative gains were even larger — again mostly in trade with the Soviet Union. Only Belgium and Austria increased the value of their exports to eastern European countries more than to the Soviet Union. Although exports from France to the Soviet Union in 1959 were only slightly lower than those from the United Kingdom and exceeded those for western Germany, they expanded much less than exports from the other two countries in 1960. Finnish exports to the Soviet Union, until 1959 the largest from any western European country, actually declined in 1960.[77]

A renewed expansion of western Europe's overseas exports is not yet in sight. Exports of passenger cars to the United States are unlikely to decline further; and, owing to the slack in the United States economy, other western European exports will probably remain close to present levels until an upturn in American economic activity generates increasing import demand. Some indications at the turn of the year suggested that raw material prices may stabilize in 1961 and thus arrest the decline in the export earnings of primary-producing countries; but it may be some time before these countries recover the level of foreign exchange earnings of the early months of 1960. This will postpone a revival of western Europe's exports to these areas unless additional public and private financing is made available by the industrial countries.

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[76] This is true even though the large trade flow with eastern Germany is excluded from western Germany's foreign trade statistics. Its inclusion would raise western Germany's exports to eastern Europe by more than one-half.

[77] Finland more than offset this loss of export earnings by increased deliveries to the United Kingdom and western Germany, which replaced the Soviet Union as the country's second customer.

TABLE 18

Changes in western European trade, 1957 to 1960

Values in millions of dollars, and percentage changes based on export values

Exports from		Imports into					
		EEC	EFTA	Other western Europe	Total western Europe	Rest of world	World
European Economic Community	Value 1959	*8 173*	*5 421*	*1 163*	*14 757*	*10 480*	*25 237*
	Percentage change: 1957-1958	−4	—	−2	−2	+7	+1
	1958-1959	+19	+9	+6	+14	+7	+11
	1959-1960 [a]	+29	+23	+22	+26	+13	+21
European Free Trade Association	Value 1959	*3 837*	*2 996*	*954*	*7 787*	*8 856*	*16 643*
	Percentage change: 1957-1958	−5	−4	+3	−4	−2	−3
	1958-1959	+8	+7	+4	+7	+4	+5
	1959-1960 [a]	+14	+16	+16	+15	+7	+11
Other western Europe	Value 1959	*731*	*833*	*89*	*1 653*	*1 139*	*2 792*
	Percentage change: 1957-1958	−3	—	−17	−2	−5	−3
	1958-1959	+7	+3	+10	+5	+10	+7
	1959-1960 [a]	+38	+27	+7	+31	+8	+22
Total western Europe	Value 1959	*12 741*	*9 250*	*2 206*	*24 197*	*20 475*	*44 672*
	Percentage change: 1957-1958	−4	−1	−1	−3	+2	−1
	1958-1959	+15	+8	+5	+11	+6	+9
	1959-1960 [a]	+25	+21	+19	+23	+10	+17
World [b]	Value 1959	*24 212*	*20 016*	*4 012*	*48 240*		
	Percentage change: 1957-1958	−8	−6	−4	−7		
	1958-1959	+5	+6	+6	+6		
	1959-1960 [a]	+25	+17	+12	+21		

Sources: OEEC, *Statistical Bulletins — Foreign Trade,* Series A; and national trade statistics.

[a] First nine months of 1960 compared with first nine months of 1959.

[b] Based on statistics of western European imports.

Trade among Western European Countries

The outstanding feature of intra-western European trade in 1960 was its high rate of expansion — which, however, slowed down in the second half of the year — and, in particular, the vigorous growth of trade within the European Economic Community. These developments were the result of the boom throughout western Europe, coupled with the relatively swifter economic expansion in the EEC; both were a continuation (and reinforcement) of the tendencies of 1959, when trade among western European countries revived (see Table 18).

During the first nine months of 1960, the value of intra-western European trade[78] rose by 23 per cent (to $21 billion) over the corresponding period of 1959, as compared with an increase of 10 per cent in extra-regional exports. While the expansion of intra-western European trade was general, the rate of expansion differed greatly among groups of countries. Both the EEC and EFTA increased their exports to western Europe by twice as much as their exports to the rest of the world. Exports from EEC countries to western Europe as a whole rose by 26 per cent. An even higher rate of expansion was recorded by the " other seven " western European countries[79] belonging to neither the EEC nor EFTA, whose exports to other countries of western Europe went up by 31 per cent. However, owing to the small weight of the trade of these countries in the total trade of the region, this represented less than 9 per cent of total intra-western European trade expansion.[80] Exports of EFTA countries to western Europe rose by 15 per cent. Buoyant economic activity in western Europe resulted in the maintenance of a high level of intra-western European trade throughout the year, in contrast with the decline of overseas exports since the first quarter of 1960.

For the first time, trade among EFTA countries rose faster than their exports to other regions, a feature already apparent in intra-EEC trade for some years. As shown in Table 18, the increase in EEC intra-trade (measured by exports) was of 29 per cent in the first nine months of 1960 compared with the corresponding period in 1959, while EEC exports to EFTA rose by 23 per cent, those to the " other seven " by 22 per cent, and those to the rest of the world by 13 per cent. For EFTA, the rate of expansion was 16 per cent for intra-trade, 14 per cent for exports to EEC, and 7 per cent for trade with the rest of the world.[81]

TABLE 19

The pattern of intra-western European trade, 1957-1960

Exports as percentage of total intra-western European trade

Exports from	Imports into			
	EEC	EFTA	Other western Europe	Total western Europe
European Economic Community				
1957	32.0	22.1	5.0	59.1
1958	31.6	22.8	5.1	59.5
1959	33.8	22.4	4.8	61.0
I-III 1959	33.4	22.3	5.1	60.8
I-III 1960	35.1	22.4	5.0	62.5
European Free Trade Association				
1957	16.6	13.1	4.0	33.7
1958	16.3	12.8	4.2	33.3
1959	15.9	12.4	3.9	32.2
I-III 1959	16.0	12.5	4.3	32.8
I-III 1960	14.8	11.8	4.0	30.6
Other western Europe				
1957	3.2	3.6	0.4	7.2
1958	3.1	3.7	0.4	7.2
1959	3.0	3.4	0.4	6.8
I-III 1959	2.7	3.4	0.3	6.4
I-III 1960	3.0	3.5	0.4	6.9
Total western Europe				
1957	51.8	38.8	9.4	100.0
1958	51.0	39.3	9.7	100.0
1959	52.7	38.2	9.1	100.0
I-III 1959	52.1	38.2	9.7	100.0
I-III 1960	52.9	37.7	9.4	100.0

Sources : OEEC, *Statistical Bulletins — Foreign Trade,* Series A; and national statistics.

EEC exports continued to grow faster than those from EFTA to the three trade groups distinguished above, as well as to the rest of the world. As shown in Table 19, the result was a further rise in the share of the EEC in intra-western European trade; countries belonging to neither of the two trade groups also increased their share of intra-western European trade. Nevertheless, EFTA's exports to western Europe grew twice as fast as in 1959.

Nearly 75 per cent of the $2.6 billion increase in the OEEC countries' intra-trade between the first half of 1959 and the corresponding period of 1960 consisted of higher exports from the EEC countries; more than one-fourth of this increase in exports was of metals and metal goods, while machinery and transport equipment respectively accounted for another 15 per cent and 12 per cent. A commodity breakdown shows that EFTA's slower overall expansion in intra-western European trade was largely the outcome of its smaller increases in exports of these commodity groups.

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[78] Measured by exports.

[79] Finland, Greece, Iceland, Ireland, Spain, Turkey and Yugoslavia.

[80] Over half of the increase was accounted for by Spain (where the 1959 devaluation caused an exceptional export increase), while exports to western Europe from Greece and Turkey declined.

[81] The rate was also 16 per cent for EFTA exports to the " other seven " western European countries.

When EEC and EFTA intra-trade, and trade between the two groupings, in important commodity groups in the first half of 1960 is compared with that in the corresponding period of 1959, a consistently greater expansion of intra-trade is clearly discernible only in the EEC. EEC intra-trade expanded faster than exports to EFTA in all commodity groups except machinery and other manufactures,[82] and faster than imports from EFTA in all categories except fuels, whose absolute value was, however, negligible. EFTA intra-trade, on the other hand, grew more slowly than imports from EEC in all commodity groups except food [83] and fuels. EFTA intra-trade, taken as a whole, expanded somewhat faster than exports to the EEC, despite the more rapid expansion of imports into the EEC, but even this small difference was attributable to a relatively narrow range of commodities — mostly foodstuffs and raw materials. In the much broader range of finished goods,[84] EFTA exports to the EEC countries grew faster than EFTA intra-trade.

By and large, the general expansion of intra-western European trade during 1960 overshadowed any tendency towards the polarization of trade within the two integration areas. Until recently the trade pattern of the two areas was liable to change more under the influence of the anticipation of future preferences than on account of the impact of actual preferences. But on 1 July 1960 discrimination in intra-western European trade became effective: the second EEC tariff cut of 10 per cent among members was not applied to outsiders; and the EFTA countries reduced their tariffs on intra-trade by 20 per cent, with no reduction to non-member countries. The acceleration of the EEC integration time-table, which had advanced the date of the third 10 per cent reduction on intra-trade from 1 January 1962 to the beginning of 1961, also represented the first step towards a common external tariff. According to the original intention, the difference between the national tariff and the common external tariff (the arithmetic average of tariffs prevailing on 1 January 1957) was to be reduced by 30 per cent.[85] Since this, in effect, would have meant raising the average tariff level considerably,[86] the basis for computing the common external tariff was reduced by 20 per cent. (This basis is to remain in effect provided satisfactory reciprocal arrangements with third countries result from the 1961 GATT conference.) The net effect of the tariff changes at the turn of the year has been to reduce discrimination against third countries in the high-tariff countries — France and Italy — and to increase discrimination in the other countries. The EFTA has decided to accelerate its own time-table so that the 10 per cent reduction planned for 1 January 1962 takes effect on 1 July 1961.

Clearly, these various measures are bound to have repercussions on the rational allocation of resources, nationally, regionally and inter-regionally, and to lead to distortions in intra-western European trade flows. Their implementation will entail considerable adjustments for those countries which are largely dependent on markets in trade groups to which they do not belong — for example, all continental EFTA countries, which have hitherto sent between one-fourth and one-half of their exports to the EEC markets, and for western Germany, which sells as much in EFTA as in the Community. Countries such as Turkey and Spain, whose trade is mainly directed to western Europe, and which so far belong to neither trade group, will be still more seriously affected.[87] As shown in Table 19, more than one-half of intra-western European trade is still conducted among countries belonging to different trade groupings or to none. Moreover, even in countries which are otherwise less dependent on markets in the other grouping, individual industries may be at a serious disadvantage — for example, the British and French motor-car industries.

As a means of avoiding an impasse, the creation of a modified customs union encompassing both groups has been unofficially proposed. This would grant individual members customs-free quotas so as to protect their traditional channels of trade in certain goods from third countries. So far, however, no concrete plan has been officially proposed for reconciling the divergent schemes.

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[82] When adjustment is made for the fact that western German sales to the Saar were still treated as foreign trade in the first half of 1959, intra-trade in machinery also expanded faster than such exports to the EFTA countries.

[83] The faster rate of growth of EFTA intra-trade in foodstuffs appears to be largely due to price fluctuations favouring Danish as against Dutch imports of dairy products into the United Kingdom.

[84] Since finished goods were most affected by the tariff cuts in trade between EFTA members on 1 July 1960 it is surprising that the expectation of these cuts did not lead to a faster expansion of intra-trade in these products.

[85] In addition to the above changes which apply only to industrial goods, agricultural tariffs within the EEC were reduced by a further 5 per cent, making a total cut of 25 per cent, but a levy system for maintaining prices for the protection of domestic agriculture was agreed on in principle.

[86] Although, in the computation of the common external tariff, the generally low west German and Benelux tariffs were arithmetically averaged with generally high French and Italian rates, the total imports of the former countries in 1960 were two-thirds larger than those of the latter, and their imports from EFTA countries twice as great. Western Germany also must rescind 50 per cent of its 1957 contracyclical tariff reductions vis-à-vis third countries.

[87] At the time of writing, Finland has been invited to accept associate membership of the EFTA; but the association of Greece with the EEC is still under negotiation.

6. PROBLEMS OF EXTERNAL AND INTERNAL BALANCE

The outstanding event of 1960 in the international payments of the western countries was the spectacle of a " dollar crisis in reverse ". A tendency towards increasing deficit in the United States balance of payments — with its obverse in a growing surplus in the balance of western Europe, and western Germany in particular — had been noted for some years.[88] That the problem exploded into a brief " crisis " in 1960 was, in a sense, paradoxical. For the basic United States balance-of-payments situation improved substantially, as compared with the exceptionally adverse situation of 1959; and there was evidence, too, of some movement towards equilibrium in the balance of payments of western Germany. The explanation of the paradox has two aspects: it lies partly in lagged confidence reactions in international financial circles, partly in the effects on international short-term capital movements of the use of interest policy for domestic purposes in the major countries.

This section begins with a brief account of recent changes in the balances of payments on current and long-term capital account of the western European countries and the United States. It then examines the extent of fundamental imbalance in the western payments system, and especially the significance of the west German surplus and the United States deficit, before turning to the more exciting developments of 1960 — the huge international movements of short-term funds, the gold panic and short-lived " crisis of the dollar ". A discussion of the role in this crisis of domestic discount policies, finally, leads to a short survey of monetary and fiscal policies for internal balance in western Europe.

Balance-of-Payments Developments, 1959-1960

The gold and foreign exchange reserves of the OEEC countries as a whole, after having markedly improved in the first half of 1960, rose even faster in the second half of the year. An increase of less than $1.6 billion during the six months up to 30 June 1960 was followed by a rise of over $2.2 billion during the next five months. Whereas western Germany accounted for more than two-thirds of the increase in OEEC member countries' reserves between July 1959 and June 1960, its share dropped to less than one-half during the second half of 1960. The countries whose shares increased were mainly those with highly developed international money markets, such as the United Kingdom, Switzerland and the Netherlands, which received most of the short-term capital outflow from the United States.[89] The flight from the Belgian franc, which caused reserves to decline after the outbreak of the Congo crisis in the early summer, was short-lived, and Belgian reserves were by the end of 1960 considerably above the level of one year before.

Official gold and foreign exchange reserves of OEEC member countries

Millions of dollars

	30 June 1959	*31 Dec. 1959*	*30 June 1960*	*30 Dec. 1960* [a]
All member countries	20 000	20 500	22 061	24 860
excluding Western Germany	15 379	15 485	16 050	17 661
Change, all member countries		+500	+1 561	+2 810
of which :				
Western Germany		+394	+996	+1 188
All others		+106	+565	+1 622
of which :				
Switzerland		+34	−154	+417
United Kingdom		−436	+153	+339
Spain		+132	+207	+136
Netherlands		−19	+122	+275
Italy		+430	−55	+181

Sources : OEEC *Statistical Bulletins — General Statistics*; IMF, *International Financial Statistics.*

[a] 31 November 1960 for Greece and Iceland.

France's gold and foreign exchange reserves continued to increase during 1960, although only by half as much as in 1959;[90] from less than $1 billion at the time of the 1958 devaluation, they rose to $2 billion in May 1960, and have since fluctuated around this level. Although France earned a surplus on merchandise trade (f.o.b.) with countries outside the franc area for the second year running, most of the surplus on current account arose from the improved balance of services. The lack of adequate statistics makes it difficult to estimate capital movements. Nevertheless, it is likely that in 1960 the inflow of foreign long-term capital was maintained at the high level of 1959, but the large-scale repatriation of French capital, which helped to swell reserves in the period following the 1958 devaluation, practically ceased in 1960.

Italy's total gold and foreign exchange reserves continued to rise during the first three quarters of 1960, with most of the increment going to the holdings of the commercial banks, rather than to the official reserves as had happened prior to 1960. Although the addition to the reserves was only about half as large as in the corresponding period of 1959, it was still at a much higher rate than at any time before 1958. The main reason for the relative deterioration lies in the balance-of-trade deficit which reverted to the level prevailing before 1958. The export boom continued until the middle of 1960, but it was more than counterbalanced by the expansion of the volume of imports by almost 50 per cent between the first three quarters of 1959 and 1960 respectively. About one-third of the increased trade deficit was offset by an increased surplus on services, mostly due to higher tourist receipts during the Olympic Games. The surplus on capital account fell by one-third as the inflow of foreign capital — mostly Swiss and American — which had begun in mid-1958 was partly offset by a significant increase of Italian investment abroad. The short-term capital inflow, so pronounced in other countries, did not significantly affect Italy.

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[88] See *Economic Survey of Europe in 1959*, Chapter I, pp. 6-21.

[89] The shares of Italy and Spain continued to rise for reasons unconnected with short-term capital movements.

[90] In both 1959 and 1960 the balance-of-payments surpluses of France were larger than is suggested by the foreign exchange reserve figures, reflecting as they do both large repayments on the external public debt, which has been reduced by about one-sixth in each of the past two years, and subscription payments to the IMF and the European Investment Bank. Considering all these items, the 1960 surplus is smaller than in 1959 by only one-third.

In most of the smaller western European countries, the trade deficit has widened, particularly in Austria, Denmark and Sweden, owing to a relatively faster expansion of imports than exports. The seasonally adjusted exports of all of the small industrialized countries ceased growing after the first quarter of the year, and either levelled off or declined in the two following quarters. In Greece and Turkey they fell below the 1959 level. Portugal and Ireland, in contrast, increased exports faster than imports. As a result of currency devaluation in August 1959 and other stabilization measures, Spain was the only country whose imports declined substantially between 1959 and 1960, accompanied by a steep rise in exports. Iceland's currency devaluation of February 1960 resulted in a modest fall in imports, with no appreciable rise in exports.

The higher surplus on services in most countries was insufficient to offset the increased merchandise deficit. As a result, the current account surpluses of Sweden and Denmark in 1959 became sizable deficits in 1960 and caused some concern in the latter country, where reserves do not even cover two months' imports. Austria's surplus vanished, since net income from tourism grew much less than in 1959 and the trade deficit doubled. In the Netherlands, a decline in the services surplus, together with a wider trade gap, resulted in a 20 per cent decline in the surplus on current account.

Most smaller countries were able to maintain, if not augment, their exchange reserves thanks to the offset provided by the short-term capital account. Three successive waves of short-term funds brought almost $500 million of foreign and Swiss repatriate capital into Switzerland during the second half of 1960. In the Netherlands, the sizable net outflows of private capital, both long- and short-term, of previous years, virtually disappeared in the face of large-scale inflows.

Western Germany's overall balance of payments, like that of the United States and the United Kingdom, was dominated throughout 1960 by vast international movements of short-term funds. Underlying the froth, two facts stand out about the movements in the current and long-term capital accounts. First, western Germany's huge commercial surplus, which had reached its peak in 1957, further declined; for the first time since 1955, this decline was accounted for not only by the rising net deficit on invisibles (other than " services rendered to foreign military agencies ") but also by a fall in the commodity export surplus. Second, long-term capital exports and transfers, which in 1959 had largely offset the surplus on current account, contracted sharply.

Western German exports continued to increase, but the pace of their expansion progressively slackened in 1960. During the first half of the year at least, the diminishing rate of growth appears to have been due not so much to declining demand — export industries reported no fall in incoming orders and western German car sales hardly suffered from the competition of the American compact car — as to increasing supply difculties. Imports, on the other hand, rose very rapidly (except for a fortuitous drop in armaments imports in the third quarter). Imports of manufactures in the July-September quarter were 24 per cent higher than a year earlier — a much faster rise than that of domestic production — and raw material imports were 12 per cent higher despite lower prices.

While the western German current account surplus contracted further in 1960, long-term capital exports were not nearly as large an offset as in the previous year. Leaving aside transactions in securities, which were probably largely in the nature of short-term movements, private and public long-term credit and transfers had in 1959 provided an offset of DM 5.4 billion to a surplus of DM 7.2 billion on goods and services. This large amount, however, had been swollen by debt prepayments and by other major non-recurrent items, such as those arising out of the incorporation of the Saar.[91] In 1960, genuinely long-term capital exports were down to DM 4.5 billion.[92] Despite the smaller current account surplus, therefore, the part not covered by long-term capital exports was larger in 1960 (DM 2.4 billion) than in 1959 (DM 1.8 billion).

The *United Kingdom* was, by the end of 1960, once again — and almost alone among western European countries — concerned about its balance of payments. In 1959 Britain had achieved a current account surplus of £145 million; exports had benefited from the rapid expansion of world trade and, although imports also rose in response to the boom at home and heavy stock-building, it was generally expected until the middle of 1960 that the year as a whole would yield another comfortable surplus on current account. These expectations were disappointed. During the first half of 1960, as imports levelled off, British exports declined. With a poor balance of invisible earnings (partly reflecting the cost of larger sterling balances at higher interest rates), the current account yielded a surplus of only £35 million for the half year. The merchandise balance deteriorated further in the third quarter, and the year as a whole appeared likely to end with a deficit on current account of £100-200 million.

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[91] See the *Economic Bulletin for Europe*, Vol. 11, No.3, pp. 19-20.

[92] Annual rate based on first three quarters.

The disappointing performance of British exports reflected both long-term and short-term factors. Even during the period of general expansion of world trade from 1954 to 1959 the British share had been declining. Britain's share in world exports of manufactures fell from 20.3 per cent in 1954 to 17.3 per cent in 1959, while the combined share of western Germany, France and Japan rose from 28.5 per cent to 35 per cent. Part of the explanation for this decline lay in the fact that demand in Britain's traditional markets in the primary-producing countries, and for its traditional export lines, had grown more slowly than the average. But during 1959 the whole of the decline in Britain's share was accounted for by sterling area markets. Quite apart from adverse changes in the pattern of world trade, British exports appeared to be suffering from a loss of competitive strength in which both rising relative costs in Britain and declining margins of preference in its traditional markets probably played a part.

The absolute decline in British exports in 1960 was the combined effect of a continuing decline in Britain's share and, as the year went on, a marked slowing down in the growth of total world trade. The levelling off and subsequent decline in United States economic activity and the effect of weakening raw material prices on the import capacity of primary-producing countries were the main causes of the deteriorating conditions for British exports. Exports to its biggest single market, the United States, were particularly severely hit also by the competition of the American compact car, which contributed to a one-third drop in British motor car exports between the first and third quarters of the year.

During most of the year large inflows of short-term capital into London masked the worsening of the British balance of payments; but by the end of the year the outlook for 1961 was sombre unless the rate of expansion of world trade showed a quick and substantial recovery.

For the *United States* balance of payments, 1959 had been an exceptionally bad year: exports had declined further from their 1957 peak, whereas imports had risen very rapidly. This was accounted for partly by the fact that the United States led western Europe in the boom and partly by two special factors on the import side, large steel imports occasioned by the prolonged steel strike and the success of European small cars in the American market. The result of this combination of circumstances was a deficit in the United States balance of payments on current account [93] for 1959 — the first in living memory (probably since 1896).

In the closing months of 1959, the United States balance of trade made a remarkable recovery. With the resumption of steel production, the successful launching of the American compact cars, and the slowing down in industrial production during 1960, American imports declined, while exports rose very rapidly, by over 30 per cent, from the first quarter of 1959 to the second quarter of 1960. The major factor in the rise of United States exports was undoubtedly the boom in western Europe (as well as in Japan and Australasia). This not only greatly increased western European demand for American raw materials and manufactures but also facilitated American competition in third markets. United States exports also benefited from further easing of discriminatory restrictions on dollar imports and larger sales of farm surpluses.

As a result, the United States balance of payments on current account was showing by the middle of 1960 a surplus corresponding to an annual rate of about $3 billion. In the second half of 1960 United States exports to western Europe and Canada fell off somewhat, but this fall was mainly seasonal and imports fell faster. The balance of payments on current and long-term capital account for the year as a whole seemed likely to be not only a good deal more favourable than in 1959 but even a little better than in 1958.

The Problem of West German and United States Imbalance

The " dollar crisis " of 1960 has been widely attributed to a fundamental imbalance in the western payments system, of which an ever-growing surplus in the west German balance of payments and ever-growing deficit in the United States balance of payments appear as the central features. A cursory examination of the west German balance of payments during the fifties shows a gain of international liquid assets of nearly DM 30 billion, resulting from a very large current account surplus quite inadequately offset by capital exports. The United States balance-of-payments accounts reveal a current account surplus falling steadily from nearly $12 billion in 1947 to nil in 1959, and a loss of international liquid assets during 1951-1960 of over $20 billion.

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[93] Excluding military supplies and services transferred under grants, but including military expenditures abroad.

Charts 7, 8 and 9 present the postwar movements in the balances of payments of the two countries, and of the United Kingdom, in a somewhat different light. The " commercial balance " is defined as the surplus on current account (visibles and invisibles) *net* of military expenditures or receipts. Private long-term capital exports include direct investments and private donations, but exclude portfolio investment. Government long-term capital exports cover all long-term loans and unilateral transfers (excluding IMF subscriptions). The residual, after deducting private and government capital exports and also net military expenditures (or adding net military receipts), represents the net balance of gold and short-term capital movements, including net private purchases of securities and the errors and omissions item.

Chart 7 clearly shows west Germany's large surplus on current and long-term capital account, and its consequent absorption of international liquidity. It also brings out a fact which has been less widely appreciated. West Germany's commercial deficit of nearly DM 3 billion in 1950 was radically transformed to a surplus of nearly DM 5 billion in 1957; but since 1957 the commercial surplus has been falling steadily — to little more than half its 1957 level in 1960. Whereas private and government capital exports provided an insignificant offset in the earlier years, they would have more than sufficed to balance west Germany's external accounts during the past three years but for the ever-rising flow of western (chiefly United States) military expenditures in western Germany.

These military expenditures added to the rise in the commercial surplus until 1957 and have almost entirely offset its fall since then. In 1960 they accounted for almost two-thirds of west Germany's current account surplus. It is not too much to say that they are almost wholly responsible for the present imbalance in west Germany's balance of payments; and this situation should be borne in mind when west Germany is alleged now to play the part of the " bad creditor " country for which the United States was reproached during the inter-war years. As long as these military expenditures are, in economic terms, a datum, and as long as they constitute a drain on the United States balance of payments, they represent a problem for the western payments system to which some adjustment must be made. But the problem should be recognized as arising not primarily from a maladjustment of comparative cost conditions in western countries, but — not unlike the reparations problem of the twenties, though in reverse — from the introduction into the payments system of a large and indigestible politically motivated factor.

If United States military expenditures in west Germany continue on the present scale, and the west German balance of payments has to be adjusted to them, there are only two alternatives: either the west German commercial surplus must be eliminated, or west German capital exports must be further increased to the point where they balance the commercial surplus as well as military receipts.

The next year or two may bring about such adjustment in both ways. Revaluation of the Deutschemark is a course which the west German authorities have consistently rejected; nor, indeed, is it easy to make a case for revaluation on external grounds now that the surplus is almost entirely attributable to military receipts. Further trade liberalization will hardly make significant inroads into the trade surplus — the forces behind protection of domestic agriculture are strong, and west German commitments under the Rome treaty are certain to lead to a rise rather than a fall in west German tariffs on industrial imports.[94]

On the other hand, west Germany has clearly come to the end of the period during which rapid growth and stability could be reconciled by drawing on large reserves of labour. Recently, wages have been rising faster than productivity.[95] Even official determination to resist domestic inflation is unlikely to avoid increased pressures of domestic demand on the balance of trade and some decline in the competitive superiority which west German exports enjoyed during the exceptionally favourable conditions of the fifties. Hence it would be surprising if the downward trend in the west German commercial surplus during the past three years did not continue.

At the same time, the shock of the monetary troubles of 1960 has acted as a spur to official west German efforts to expand the contribution to external balance made by government loans and grants. In November 1960, the Government of the Federal German Republic offered not only to contribute a greater share of North Atlantic Treaty Organization costs, to place larger armament orders in the United States and further to advance debt repayments, but also to create a $1 billion fund for west German aid to developing countries.[96] If the development fund is treated not as a once-for-all effort, but supplemented by a programme of regular aid and larger direct foreign investment by west German industry, the gap in the external accounts could perhaps be substantially closed in these two ways.

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[94] One measure open to the west German authorities is to reverse the " concealed devaluation " of the Deutschemark of 1951, which took the form of imposition of turnover tax on imports and reimbursement of turnover tax on exports. It is regrettable that the government did not persevere with a move in this direction last summer.

[95] See the *Economic Bulletin for Europe*, Vol. 12, Nos. 1 and 3.

[96] See the *Bulletin*, Vol. 12, No. 3, p. 18.

CHARTS 7, 8, 9. — The balances of payments of western Germany, the United States and the United Kingdom

Chart 7

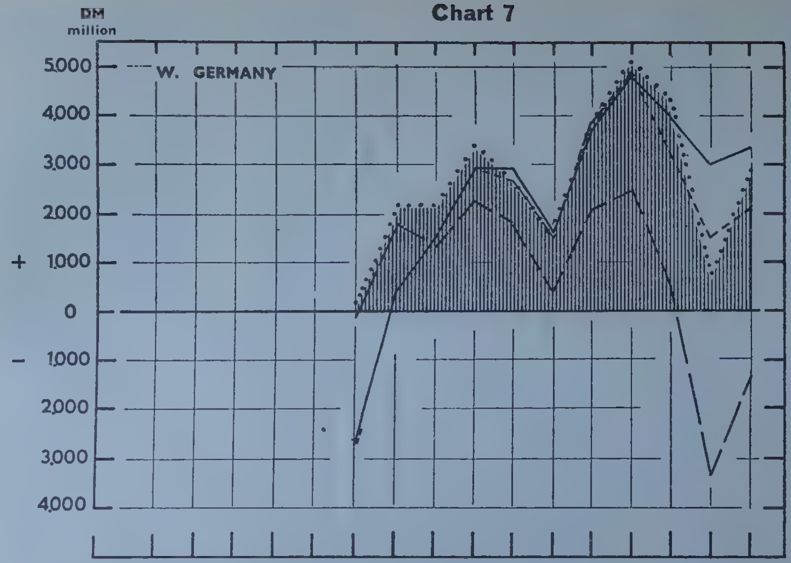


Chart 9

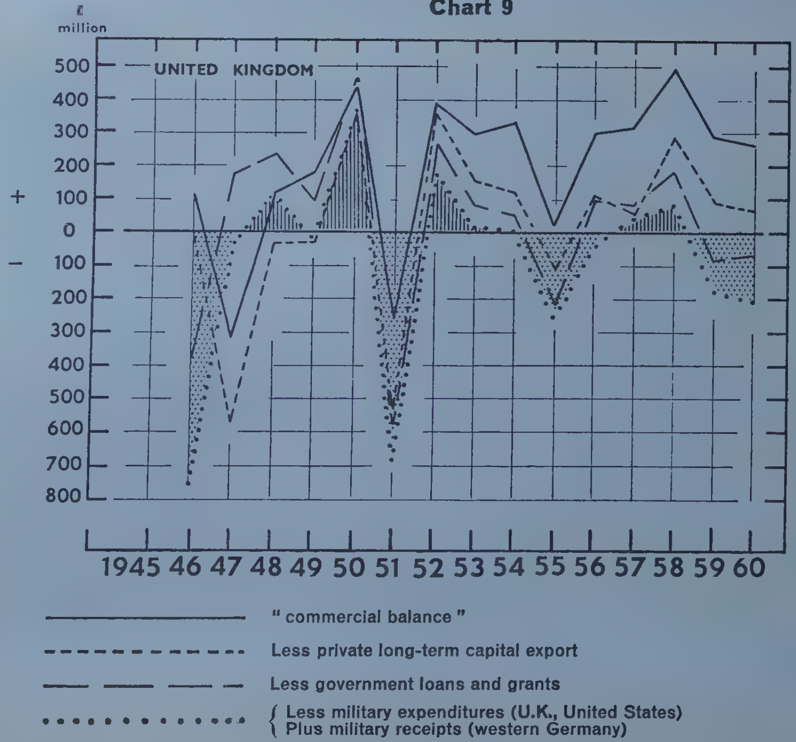
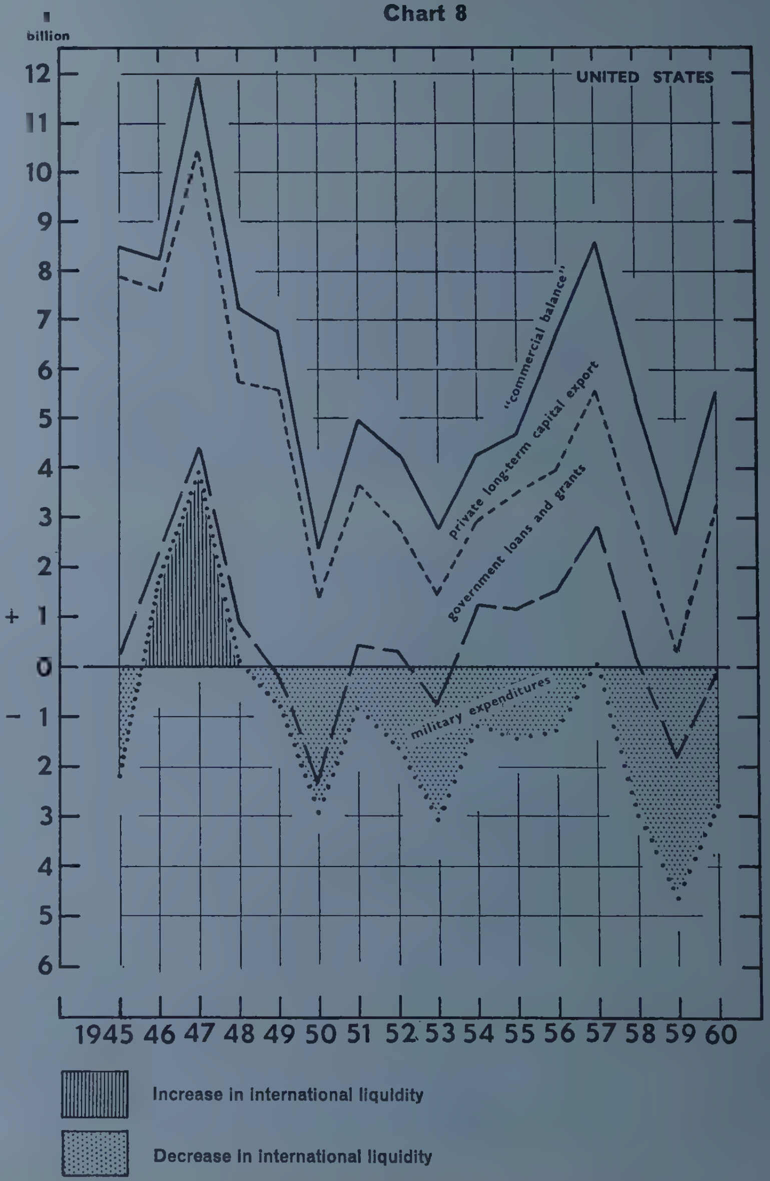


Chart 8



Sources and methods : See Appendix B.

A more direct means, however, of tackling the problem created by military expenditures in west Germany may be feasible. Even if the volume of these outlays, and west German refusal to assume their cost, are accepted as political facts, a compromise — rather on the lines of the war-time " Lend-Lease " arrangement — comes to mind. If the United States continued to finance these expenditures in dollars, but the west German Government agreed to place equivalent amounts each month in frozen dollar accounts, the current burden placed on the western payments system by these outlays would be eliminated. The United States would accumulate foreign liabilities, but since these would not be subject to sudden withdrawal they would not need to cause concern. The west German Government would escape the domestic political difficulties involved in assuming financial responsibility for these military expenditures and might, at a later stage, be willing to negotiate over the disposal of its frozen dollar assets, perhaps even to the point of making a substantial proportion available for aid to developing countries.[97]

Chart 8 presents the other side of the picture, in tracing the postwar developments of the United States balance of payments. Here again, the picture of a steadily deteriorating balance of payments is greatly modified when military expenditures are taken out of the balance of payments on current account. It is true that the huge United States commercial surpluses of the late forties were not repeated in the fifties, and that the overall balance on current and long-term capital account has been in deficit throughout the past decade.[98] But there is little evidence of a continuing worsening of the United States commercial balance that might be ascribed to declining relative competitiveness of American industry. On the contrary, subject to considerable fluctuations — due, incidentally, not so much to business fluctuations in the United States as in the past as to extraneous factors such as the post-Suez export bulge and the unusual circumstances of 1959 — the United States commercial balance has more than held its own.[99]

Nor have private overseas investment and government loans and grants expanded unduly in relation to the commercial surplus. Over the decade of the fifties as a whole, and even on average over the last three years, the commercial surplus has been quite sufficient to finance both private and government long-term capital exports. If these were the only items in the United States balance of payments, the picture could be presented as a triumphant solution of the dollar shortage problem of the inter-war and early postwar years.

The picture is spoiled — still leaving short-term capital movements aside — by United States military expenditures. Over the decade of the fifties, they have almost exactly equalled, in the aggregate, the total loss in international liquidity experienced by the United States.[100]

To present the United States balance-of-payments situation in this way is, of course, somewhat arbitrary. In one sense these military expenditures have been no different from any American purchases abroad: while they remain part of United States policy and have to be financed by the United States, the resulting overall deficit poses an economic problem that has to be solved somehow. But it is again important to recognize that the source of the difficulty is political rather than economic, if only to counsel against wrong policy conclusions.

Even when United States military commitments are taken for granted, the disequilibrium in the United States balance of payments is not alarming and should be capable of gradual correction over a period of years. Admittedly, the charts for the United States and the United Kingdom for the last few years are remarkably similar (see Charts 8 and 9). Both countries are, and should be, exporters of capital; but neither has a current account surplus (allowing for military expenditures abroad) large enough to cover its private and public long-term capital exports. Each, therefore, is able to lend (and give) long only by borrowing short.

This need not be an intolerable situation for a country which can afford to act as banker for a large part of the trading world. The United States clearly can. The major obstacle is the continuing adherence of influential opinion in the United States to the superstition that the bulk of its still vast gold holdings must be immobilized as a domestic currency reserve. If this obstacle could be overcome, the gold reserve — not to mention IMF and other secondary reserves — should be ample to cover moderate deficits for years. Moreover, the very possession of adequate and effective reserves would, in turn, revive official and unofficial foreign demand for dollar balances, thus enabling the United States to finance such deficits for a long time in part by incurring short-term liabilities. Yet not even the United States can lend long and borrow short indefinitely. In other words, the United States current account surplus must be restored, sooner or later, to a level at which it covers an outflow of long-term capital (both private investment and government loans and grants) commensurate to the responsibilities of the richest country in a poor and capital-hungry world.

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[97] A similar suggestion was recently made in Deutsches Institut für Wirtschaftsforschung, *Wochenbericht*, 9 December 1960, pp. 211-212.

[98] The term " deficit " is used here, and in what follows, in the definition given above on p. 39, i.e. excluding current short-term capital movements.

[99] The point might be made that the United States commercial surplus remained constant in absolute money terms while United States national money income grew by 50 per cent. Since, all other things (including comparative cost conditions) being equal, the commercial surplus should have grown *pari passu* with national income (or even faster if national income in the rest of the trading world rose more rapidly than in the United States), this might be thought to reflect some loss of competitiveness. A commercial surplus constant in money terms could also be regarded as inadequate on the ground that, if American capital exports are to maintain a constant ratio to American national income — a not unreasonable proposition — its current account surplus, too, must grow at the same rate in the long run.

[100] It should perhaps be emphasized that they are of a very different magnitude from the west German military receipts which bulk so large in the west German surplus. United States military expenditures in west Germany account for only one-third of the total and have only in the last few years risen to this figure, from much smaller proportions in the earlier fifties.

Part of the solution could lie in the acceptance by the relatively rich countries of western Europe (and of other parts of the world) of something nearer their fair share of the burdens of both aid to under-developed countries and joint defence responsibilities. The measures suggested above for correcting the imbalance in the west German balance of payments would do much to help. But although west Germany's balance-of-payments position makes it easier for it to help than for most other countries, there are others which could do much more than they do now. The primary criterion plainly should not be whether the country is now a beneficiary of United States military expenditures abroad — some of the beneficiaries are among the poorest in the world — nor even whether their present balance-of-payments and reserve position is easy (though this must influence the speed with which they can increase their contributions): it should be the country's level of per capita income. On this criterion, the onus may well rest on the Scandinavian countries, Canada, Australia and New Zealand, the Netherlands and Switzerland, and to a lesser extent (because of their other commitments) on France, the United Kingdom and Italy, rather than on the other main recipients of dollars from military expenditure, such as Japan, Spain, Turkey, Saudi Arabia, or South Korea. If the former countries contributed a larger share to the burden of aid to under-developed countries now carried by the United States, that country's overseas defence expenditures would be correspondingly more easily financed out of the current surplus. (This is to take a short-run view, focused on the current United States balance-of-payments situation. In the longer run, the need is not for other countries to enable the United States to reduce the volume of its aid to developing countries, but to make possible a substantial increase in the total.)

The other part of the solution lies in a gradual improvement in the commercial balance of the United States which could undoubtedly be achieved without any drastic measures in a setting of expanding world trade, by further trade liberalization in the rest of the world and by encouraging greater export consciousness among American business firms. To sustain a climate of rapidly expanding world trade continues to be in no small measure a responsibility of the United States itself. For while it is true that in the short run a decline in domestic economic activity relative to the rest of the world still tends to favour the United States balance of payments, in the longer run the prospects for an improvement in the United States balance of payments are best when world economic activity is expanding; and the economic weight of the United States economy is such that its own level of activity has a powerful influence on the international economic climate.

The burden of the foregoing argument is that — in terms of the basic balance of payments and abstracting from international short-term capital flows — there is no " dollar problem in reverse " so urgent as to call for radical solution. This view, however, requires one qualification arising from the exposed position in which the United States is placed as world banker. The events of 1960 have demonstrated that, with large international short-term liabilities representing the official and unofficial foreign reserves of large parts of the rest of the world, the United States balance of payments must not only *be* healthy but also *appear* healthy in the eyes of nervous foreign owners of dollar balances. The risk is that, in deference to this need, American policy will resort to extreme measures for the " protection of the dollar " which will wreak havoc on world trade.

Some of the emergency measures taken by the United States Administration towards the end of 1960 illustrate this risk. This is certainly not true of the approach to the west German Government for greater assistance in the finance of United States external commitments, nor of the cuts in overseas military expenditure, which may be reasonable economies. But the various directives to " buy American " were a retrograde step, liable to boomerang in so far as they undermine the moral basis for United States appeals to other countries against discrimination in trade. More ominous still were the pressures on the Administration for cuts in foreign aid and the adventitious accession of strength which protectionist interests derived from the " crisis of the dollar ". Last not least, the weakness of the balance of payments has inevitably acted as a constraint upon domestic measures to give business activity in the United States a much needed stimulus.

It is most important that the underlying soundness of the United States balance-of-payments position be appreciated both within and without the United States. Within, so that there shall be no resort to destructive panic measures. Without, so that there shall be no repetition of the confidence crisis in international financial circles which played a major part in the money muddles of 1960.

Money Muddles

The restoration of convertibility at the end of 1958 had involved a calculated risk: the risk that a rapidly increasing volume of internationally volatile funds would, from time to time, provoke exchange crises by speculative onslaughts on weak currencies. The year 1960 brought the first illustration of this danger, though in an unexpected form. The currency which bore the brunt of the storm was not sterling but the dollar.

During 1958 and 1959, only a small part of the growing United States balance of payments deficit had to be settled in net gold sales because short-term funds were moving to the United States, in the form of rising official and private European-owned dollar balances. Throughout most of 1960, during the very period while the United States balance of payments was showing a quite remarkable improvement, privately owned funds moved back to Europe, increasingly joined by American private short-term capital. The net outflow of private short-term capital cannot be precisely estimated, but between January and November 1960 it amounted to at least $1.5 billion. As a result, net gold purchases from the United States, which had amounted to only $239 million in the second half of 1959 and $144 million in the first half of 1960, caused a loss of over $1.7 billion to United States gold reserves from July to December 1960.

During the summer months, western Germany and Switzerland were the main recipients of these funds, though France, the United Kingdom and other western European countries also " benefited ". When the west German and Swiss monetary authorities took steps to discourage the embarrassing inflow, the flow to London increased, but the main effect of these steps was to divert hot money into the London gold market. In the week of 19 October the dollar price of gold in London rose in a wild flurry from its normal price of $35 per fine ounce (the United States Treasury's selling price) to $40, equivalent to a 14 per cent depreciation of the dollar in terms of gold. Firm statements by the United States authorities denying any intention of dollar devaluation, assisted by official intervention by western European central banks,[101] quickly brought the price of gold back near parity, and by the end of the year the 1960 "crisis of the dollar " was, if not entirely over, at least substantially allayed.

The cause of the crisis was a combination of two factors. One was speculation in favour of the Deutschemark (and gold) against the dollar. The other was the differential between western European and United States interest rates brought about by reliance on monetary policy for domestic purposes in divergent domestic economic conditions. Since both factors happened to work in the same direction — and the flows caused by the interest differentials reinforced the fears and hopes of the speculators — it is impossible to say how much of the flow of hot money should be attributed to each.

The first factor was a typical case of delayed reaction. Speculation against the dollar, provoked by the deterioration of the United States balance of payments during 1959, developed during 1960 while the United States balance of payments was already improving. Few are likely to have expected a devaluation of the dollar in terms of other currencies; but there were renewed rumours of a revaluation of the Deutschemark and renewed hopes among seasoned campaigners for an increase in the world price of gold that the United States authorities might devalue the dollar in terms of gold. By the end of the year the speculative hot money flows induced by these expectations had subsided, after patently demonstrating the risks to which the new regime of complete freedom of international financial transfers exposes the main international financial centres.

The second factor arose from the simultaneous use of an active interest-rate policy in western Germany and the United Kingdom to restrain domestic booms and in the United States to counter a gathering recession. In western Germany, the official discount rate was raised from 2.75 per cent to 4 per cent in the last quarter of 1959 and further to 5 per cent in April 1960. In London, Bank rate was raised from 4 per cent to 5 per cent in January 1960 and to 6 per cent in June.[102] In the United States, the discount rate was reduced from 4 per cent to 3½ per cent in June 1960 and to 3 per cent in August. For most of the second half of 1960, short-term funds invested in treasury bills could earn more than twice as much in London as in New York. Chart 10 indicates the extent to which international short-term capital movements in and out of the United States have, in recent years, been associated with interest differentials.

The problem raised by this experience warrants some further discussion. It represents a new and

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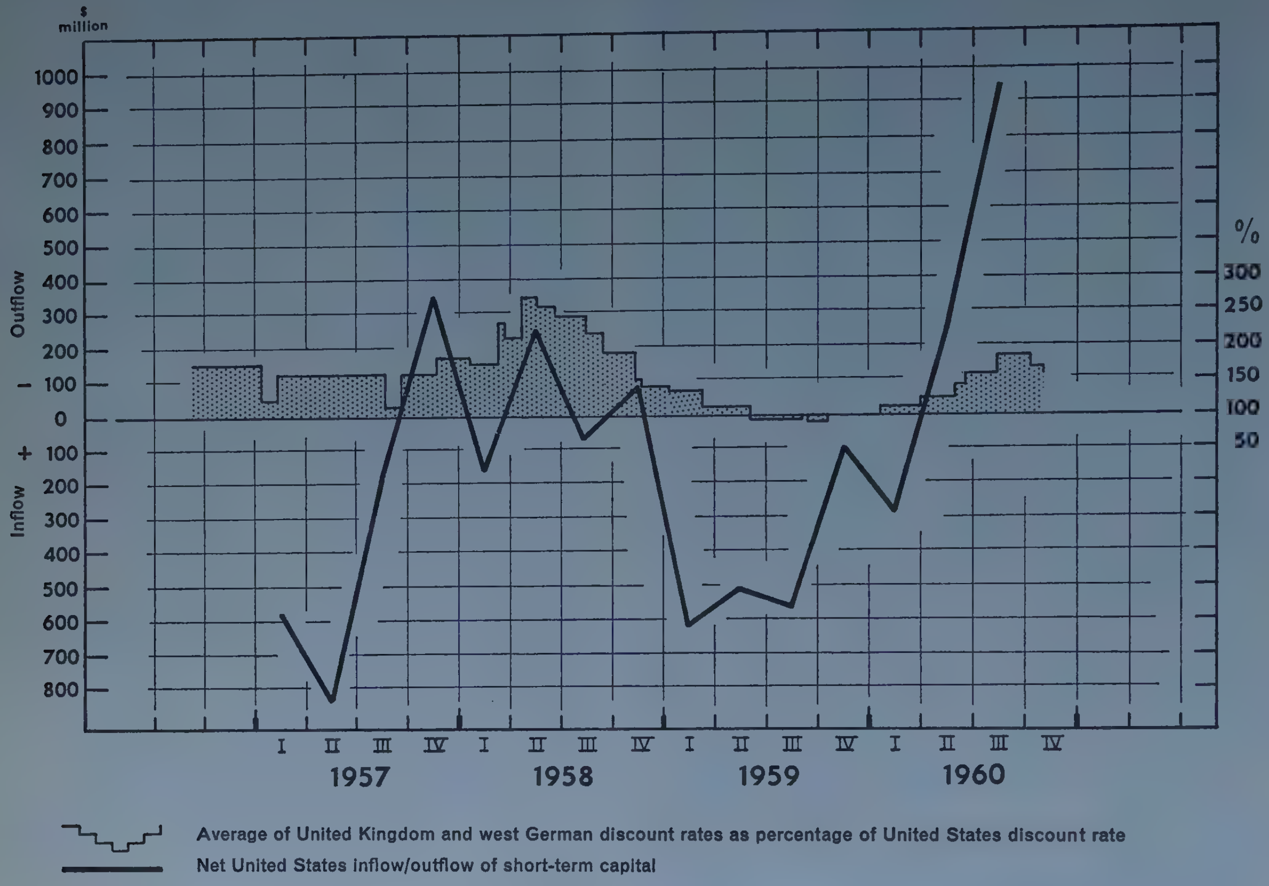
[101] Since supplies from new gold production were quite insufficient to meet the sudden burst of demand, the dollar price of gold in London could have been held down only by sales from United States reserves, directly by the United States Treasury or indirectly by western European central banks buying gold in the United States for resale on the London market. The United States authorities took no action and the European central banks at first refrained in the belief that the United States authorities frowned on gold purchases for other than " legitimate monetary purposes ". When this confusion was cleared up, central bank intervention helped to bring the gold price down. Action to discourage gold hoarding by United States residents was taken on 15 January 1961, when the American authorities placed a ban on gold holdings abroad by American residents.

[102] In November the official discount rate in western Germany was reduced to 4 per cent, and again to 3½ per cent in January 1961. Bank rate in the United Kingdom was lowered to 5½ per cent in October and to 5 per cent in December.

CHART 10

Interest differentials and short-term capital movements



Sources and methods : See Appendix B.

disturbing aspect of the difficulties of reconciling external and internal balances which have been a major issue of economic policy throughout the fifties.

Discount Policy, Internal and External Balance

The effect of domestic discount policy on international short-term capital movements is not, in itself, a new problem. It was implicit in the operations of the Bank rate policy of the Bank of England before 1914; another aspect — " money flowing uphill " — led to the abandonment of traditional discount policy during the inter-war period. The past year has furnished new object lessons because discount policy now operates in an institutional and policy environment more normal than the inter-war years, but very different from pre-1914 days.

The Bank of England's pre-1914 Bank rate policy was an adjunct to the operation of the gold standard. A rise in Bank rate was prescribed for a situation of external deficit, almost regardless of the state of internal balance. In such a situation, the rise in bank rate would both attract international short-term funds, and induce domestic monetary contraction, which (on the basic assumption of flexible costs and prices) would contribute to external balance through price adjustment. Discount policy thus aimed at external balance and was liable to disturb internal balance.[103]

When attempts were made after 1925 to revive the use of discount policy according to these principles, the main difficulty — particularly after the onset of the depression — proved to be that a rise in Bank rate came increasingly to be interpreted as a danger signal: instead of attracting short-term capital, it led to disequilibrating speculation on a devaluation of the threatened currency.

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[103] In the United Kingdom, however, other mechanisms of adjustment — the foreign trade multiplier, changes in long-term capital flows and in the terms of trade — minimized the burden placed on domestic monetary contraction. Also, Bank rate was sometimes used for domestic purposes, to restrain a domestic boom.

In the last few years discount policy has again been used intensively; but — and this is the main difference — its chief aim has been internal balance. As a major weapon of monetary policy it has been used in varying degrees in conjunction with fiscal policy for domestic stability. In some countries, especially the United Kingdom, the position has allowed favourable short-run balance-of-payments effects to be hoped for at the same time. In other countries, however, discount policy has been used just as readily even though the effects on external balance were bound to be undesirable.

The United Kingdom has had to face in recent years a problem of domestic inflationary pressures coupled with strains on the balance of payments which were, at least in part, due to these same pressures of domestic excess demand. In this situation the advocates of an active interest policy were on relatively strong ground. Whatever the merits of such a policy as a domestic policy instrument — and these have been strenuously debated — any effects of resulting interest differentials on the British balance of payments were likely to be favourable. An inflow of short-term funds, attracted by higher interest rates in London, would help to cover a temporary balance-of-payments deficit.

In western Germany and the United States the opposite has been true. Discount policy in western Germany has been used for domestic restraint in a situation of fundamental balance-of-payments surplus. In such conditions, a rise in interest rates to restrain a domestic boom caused, by means of the resulting interest differentials alone, disequilibrating international short-term capital movements. These, by aggravating existing balance-of-payments pressures, provoked further speculative movements. In the United States in 1960 the same phenomenon was experienced in reverse: domestic monetary policy aimed at providing some stimulus to business at home in a situation where the balance of payments was — or recently had been — under pressure. Here again, an active domestic interest policy induced disequilibrating short-term capital movements, both through interest differentials and through speculation.

The effects of discount policy on external balance in 1960 were therefore in principle favourable in the United Kingdom (though even here a temporary strengthening of reserves concealing an unfavourable trend in the balance of payments was liable to be quickly reversed and was of doubtful benefit) but unfavourable in western Germany and the United States. Nor is this all. The short-term capital movements caused by a discount policy designed primarily for domestic ends also reacted on the monetary situation at home; and this effect was unfavourable in all three cases. All flows of short-term capital induced by discount policy tended to defeat the objects of that policy: in western Germany and (to a less extent) the United Kingdom, high interest rates calculated to enforce domestic monetary restraint induced flows of short-term funds which increased domestic liquidity. In the United States, easing of interest rates intended to relax domestic restraints, promoted outflows which directly diminished domestic liquidity and indirectly, through their balance-of-payments effects, inhibited resort to other expansionary measures. In other words, the experience of the past year suggests that an active interest policy for domestic objectives is liable to be rendered partly self-defeating through its effects on international short-term capital movements.

What are the implications of this experience for policy?

One inference which might be drawn from the discussion of the preceding paragraphs is that an active domestic interest policy has nothing to fear from the balance-of-payments effects of induced international capital movements, if the country's external accounts (and those of other major countries) are close to structural equilibrium. Provided that the only departures from external balance are those resulting from domestic business fluctuations, no conflict between internal and external balance will arise on this score: if country A has a boom (relative to B), its balance of payments will become unfavourable; a rise in interest rates to restrain the boom will, by attracting international short-term funds, also help the balance of payments; and vice versa for a slump.[104]

A possible remedy for the problems which arose in 1960 might therefore be more determined efforts to correct structural disequilibria. No doubt the underlying western German-United States imbalance made the effects of divergent discount policies much worse in 1960 than they would otherwise have been. But it is unrealistic to expect that the balances of payments of the major trading countries will not from time to time exhibit temporary or more lasting disequilibria due to factors other than domestic business fluctuations. In these circumstances the disadvantages of short-term capital movements induced by discount policies for domestic purposes cannot be dismissed. It should also be remembered in this connexion that too severe domestic fluctuations are equally damaging to the case for discount policy. The experience of the inter-war years has shown conclusively that attempts to cure by means of discount policy severe balance-of-payments difficulties caused by violent domestic fluctuations are certainly doomed to failure, since the resultant short-term capital movements will certainly be disequilibrating — the case of "money flowing uphill".

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[104] If there is an international cycle, with simultaneous inflation or recession everywhere, this will not work; nor, however, without specifying the balance-of-payments situations of different countries, is there any need to suppose that any short-term capital movements which do occur will be disequilibrating. Indeed, since the movements in interest rates will be *parallel*, there is no *a priori* reason for any interest differentials to arise at all.

At best, therefore, discount policy for domestic balance emerges from this point of view as doubly a "fair weather" system: its repercussions on short-term capital movements can be dismissed as harmless only if external imbalances are mainly due to domestic fluctuations — provided that these domestic fluctuations are not too great.

A second line of approach might be to recognize the difficulties liable to be created for external balance by an active domestic interest policy through induced short-term capital movements, but to try to devise measures for minimizing these difficulties. In principle, quite a strong case can be made for a return to drastic exchange control specifically to prevent disequilibrating short-term capital movements. The Bretton Woods Conference accepted the need to prevent such movements as the one clear-cut exception to the general desirability of freedom in international trade and finance, and incorporated not only the right but also the obligation to impose exchange controls for this purpose in the charter of the International Monetary Fund. There is good reason to believe that nowadays even short-term capital movements which flow downhill — from low interest to high interest financial centres — will often be disequilibrating. If the adverse backwash of these movements on domestic monetary policies is added to the adverse balance-of-payments effects, it is difficult to believe that the advantages of freedom for international *short-term* capital movements outweigh the disadvantages. Unfortunately, postwar experience has shown how difficult it is effectively to enforce exchange controls for this purpose, if only because of the substantial flow which takes the form of "leads and lags" — shortening and lengthening in the credit terms on ordinary commercial transactions.

A possible alternative would be a widening of the margins within which exchange rates are permitted to move. While there is much room for debate about the value of exchange flexibility as a remedy to serious balance-of-payments disequilibria, or severe confidence crises, a margin as small as 3-5 per cent should do much to discourage international movements of short-term capital induced by interest differentials. Provided adequate forward-exchange facilities are available to enable traders to escape the exchange risk, the disadvantages of such a modest degree of exchange flexibility would be small.

If exchange control is impracticable and wider margins for exchange rates do not commend themselves, short-term capital movements in response to divergent domestic discount policies might be discouraged by measures designed to weaken the link between domestic interest rates and the international money markets. This, in effect, was the purpose of various steps taken during 1960 by the west German, Swiss and United States authorities. In western Germany, the central bank tried to discourage the inflow of money in several ways: by the imposition of specially high minimum-reserve ratios on foreign-owned bank deposits and a ban on interest on such deposits, by prohibition of purchases of government securities by foreign residents, and by special inducements to western German banks to leave their liquid funds abroad. The Swiss central bank, by agreement with the commercial banks, secured the imposition of three months' notice of withdrawal and a commission charge — negative interest — on foreign deposits with Swiss banks.[105] The United States Federal Reserve Board, in the last months of 1960, tried to reduce medium and long-term rates without widening still further the international differential in short-term rates.

Yet the experience of 1960 shows that this approach, too, runs into practical difficulties. In so far as the flows of funds are a flight from a particular currency, attempts by other countries to repel the inflows merely concentrate the flows on centres which have not taken such measures or, in the last resort, on gold. It is believed that the measures taken by the western German and Swiss authorities in June and August 1960 contributed to the larger flows of speculative funds to London in the summer, and to the gold panic of October.

Difficulties arise even when the flows occur simply in response to divergent domestic monetary policies. In principle it would be desirable to confine increases (or decreases) in interest rates for domestic monetary policy purposes as far as possible to fields of little or no interest to foreign owners of mobile funds. In practice, the scope for such refinements is limited. All sectors of a domestic capital market are inter-connected; it is seldom possible to disturb with impunity the equilibrium pattern of relative interest rates. The most important market rates for purposes of domestic policy, such as government short and long rates, and share and debenture yields on the stock exchanges, are obviously significant for and accessible to foreign investors — even if overseas borrowing by domestic banks can be held in check. Moreover, the problem is not simply to control flows of foreign capital, but almost equally to govern the flow of domestic funds. West German experience during 1960 suggests, indeed, that in practice an active interest policy may work in precisely the opposite way: high discount and short-term rates had the maximum effect in attracting foreign short-term capital, but had little effect on domestic activity in the face of the general sluggishness of administered long-term rates and of political pressures to keep down interest rates in important fields such as housing.

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[105] See the *Bulletin*, Vol. 12, No. 3, pp. 15-16.

Another question, raised by the adverse repercussions of interest-induced short-term capital movements on the efficacy of domestic monetary policies themselves, is whether the liquidity of the domestic economy cannot to a greater degree be insulated from the effects of international short-term capital movements. One answer is to ensure that the monetary authorities obtain direct control, wherever possible, over any short-term funds attracted by higher interest rates. This is, in effect, the position in the United Kingdom, where overseas short-term capital is largely invested in United Kingdom Treasury Bills. It does not provide a perfect solution. Even overseas investment in treasury bills may have indirect expansionary effects on domestic liquidity, and some short-term capital even in the United Kingdom finds its way into the long-term security markets. It also means that the cost of the high interest rates payable on foreign short-term funds falls directly on the public budget. Still, this price may be worth paying for the gain of diverting such inflows from the public and the banks, where their effects on domestic liquidity are hard to assess and control, into the hands of the monetary authorities themselves, where insulation should be much easier.

How much can be done in these various ways to minimize the hot money difficulty is problematical. If, and to the extent that, the problem remains insoluble, it presents a factor weighing heavily in the balance against reliance on an active interest rate policy for internal balance.

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Since this section was written, further steps have been taken by the governments of the United States and western Germany to deal with their respective problems of external imbalance.

In a message to Congress of 6 February 1961, President Kennedy analysed the position of the United States balance of payments and outlined a programme of measures " to ease the short-term demand problem " and " to achieve longer-term equilibrium ". Having pointed out that the situation justified " concern but not alarm or panic " and that the basic deficit — " of manageable proportions " — should be ended " by responsible, determined and constructive measures ", he pledged maintenance of the official dollar price of gold and rejected both a return to protectionism and cuts in foreign aid or military expenditures as wrong answers to the problem. Among measures to alleviate pressures through short-term capital flows, he authorized or recommended (*a*) co-operation with other lending countries in considering reforms of the International Monetary Fund, (*b*) resort by the United States to its IMF drawing rights in case of need, (*c*) special interest rates for dollar holdings by foreign governments and monetary authorities, and hinted at (*d*) action to free gold held under existing regulations as a domestic currency reserve if such action should become necessary " to sustain the value of the dollar ". Among measures to restore longer-term equilibrium, he listed (*a*) export promotion, (*b*) encouragement of foreign travel to the United States, (*c*) temporary emphasis on procurement of American goods in foreign aid expenditure, (*d*) efforts to secure further trade liberalization and tariff reductions on American exports, (*e*) withdrawal of special tariff concessions to American tourists returning to the United States, and (*f*) examination of measures to discourage undue flows of American capital to industrial countries abroad.

In February, the government of western Germany made known its intention to extend its earlier plan for a DM 4 billion development fund into a continuing programme of foreign aid. This was followed, on 3 March, by a surprise decision to revalue the Deutschemark by about 5 per cent. A corresponding revaluation of the Dutch guilder was announced two days later.

Domestic Policies

The international repercussions of divergent discount policies during 1960 will have swelled the ranks of the sceptics in the prolonged debate over the efficacy of monetary policy as an instrument for domestic balance. The publication of the Radcliffe Report [106] in the United Kingdom was a major contribution to this debate. Domestic monetary developments during the year further illuminated the relative efficacy of various instruments of monetary policy — interest-rate policy as well as direct liquidity controls — and of budgetary and other measures in restraining the boom in western Europe.

The two countries of western Europe which have leaned most heavily on monetary, as contrasted with fiscal, policy have been the United Kingdom and western Germany. In the *United Kingdom*, excess demand and concern about its effect on the balance of payments led the authorities to tighten monetary restraints in the first half of 1960. The April budget had merely aimed at maintaining the overall deficit at the level of the preceding year, and provided for a significant increase in current expenditure. Bank rate was raised twice, in January and June, a new technique of special deposits to reduce the liquidity of the commercial banks [107] was put into operation for the first time, and hire purchase restrictions were reimposed.

The credit squeeze was slow to take effect on bank advances, which continued to rise, though less quickly. Investment in stock-building remained unusually high, though in some branches it may have been involuntary. Remarkably enough, the credit squeeze did not damp private fixed investment, which maintained its buoyancy.

During the second half of the year the problem of domestic balance was complicated both by an abrupt turn for the worse in the balance of payments on current account and by increasing sluggishness at home. Exports — seasonally adjusted — showed a tendency to decline, although there was some improvement (perhaps temporary) in the fourth quarter of 1960.

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[106] See *Report of the Committee on the Working of the Monetary System*, HMSO, 1960 (Cmnd. 827).

[107] See " The Procedure of Special Deposits ", *Bank of England Quarterly Bulletin*, December 1960.

Industrial production ceased rising after the first quarter. The fall in exports severely affected motor-car production; this, coinciding with the effect of hire purchase restrictions, caused the difficulties in the motor-car industry which have been described in section 3.

For the greater part of the year, the authorities, while anxious to assist the United States in its balance-of-payments troubles by reducing the interest differential between London and New York, were more concerned about the danger of pressure on prices arising from a strain on domestic resources (particularly in view of the still tight labour market, the anticipated large increase in government spending in the coming year, and the desire to take no action that might discourage exports) than with the risk of recession. They therefore limited their intervention to reductions of Bank rate in October and December, emphasizing that this was not intended as a signal for relaxation of domestic monetary restraint. By the end of the year, not only had the need to support domestic activity in some sectors become patent, especially in view of the recession in the United States, but so also had the full extent of the deterioration of the balance of payments on both visible and invisible account. In this dilemma, the authorities proceeded cautiously, taking only one step in the direction of an easier policy by slightly relaxing hire purchase restrictions in January 1961.

In *western Germany*, too, a policy of monetary restraint, insufficiently supported by fiscal measures, was not wholly successful. Increasingly concerned lest an " overheating " of the economy should threaten price stability, the west German authorities raised the discount rate step by step to 5 per cent, and took other measures of credit restraint which were greatly reinforced in June 1960.[108] " The high discount rate failed to curb the overall supply of money to the economy because the effects which the credit restrictions produced on domestic credit-granting were cancelled through the various inflows of foreign money ";[109] and demand for investment in equipment and construction, including dwellings, continues to grow rapidly.

The inflow of short-term funds from abroad[110] offset not only the effects of the direct restrictions on bank liquidity but also, in large measure, the withdrawals of liquid funds from the banking system in the form of the cash surpluses of the Federal Government and the Länder; these surpluses, in any event, declined in the second half of the year. It was hoped that the DM 4 billion to be raised in 1961 for development aid overseas would help to reduce bank liquidity. On the other hand, the 1961 budget provided for a 6 per cent increase in central government expenditure. While cash surpluses in budgetary operations during 1960 exerted some restraint on the monetary system, the year was once again marked by the failure to pursue an adequately counter-cyclical budgetary policy in support of monetary restraint — despite all the exhortations from the central bank and other quarters and the good intentions expressed by the authorities themselves.

The third country to rely predominantly on monetary policy was *Switzerland*, which managed, however, to combine successful restraint of inflation with low interest rates. Monetary restraint has been exercised entirely by voluntary agreement and self-imposed discipline by the banks. By the same voluntary methods, the banks appear to have succeeded in very largely insulating the domestic credit structure from the effects of the large inflows of short-term funds from abroad. Given the institutional environment of the country, and with the aid of reserves of immigrant labour, these measures have sufficed to maintain a high level of economic activity without price or wage inflation or any departure from the generally low level of interest rates.

In *Austria*, attempts to make better use of budgetary policy in support of monetary measures have been fairly successful in recent years, particularly in periods when the stimulation of economic activity was intended. In the reverse direction fiscal policy has, as usual, proved more difficult to apply effectively. The budget for 1961 suggests that although the authorities are concerned about the effects of excess demand on price stability and the balance of payments, strong additional demand impulses will come from the public sector. Total expenditure is estimated to increase by 12 per cent,[111] and the total budgetary deficit to rise more than twofold, despite the large increase anticipated in budgetary receipts.[112] Monetary expansion has recently slowed down, but it is difficult to say whether this has been due more to higher discount rates and minimum reserve requirements than to the growing balance-of-payments deficit, which has considerably reduced bank liquidity.

Among western European countries which have relied much more on fiscal measures of restraint are the Netherlands and the Scandinavian countries. The authorities in the *Netherlands* have developed a wide range of techniques — more sophisticated, perhaps, than those of any other country in western Europe — for forecasting and policy planning. In 1960 the Dutch discount rate was unchanged. Monetary measures included the traditional raising of minimum reserve requirements and government borrowing to mop up excess liquidity. In addition a new monetary technique of special deposits was adopted by gentlemen's agreement between the central bank and other banking institutions, but has not yet been applied; and hire purchase restrictions were tightened. Since May, facilities for accelerated depreciation have been limited, and investment allowances have been reduced, so as to check excess investment demand. The 1961 budget provides for conditional reductions in income and company tax, the timing of which is to be determined by the development of business conditions in the early months of the year. Discussion continues on the efficacy of the new system of differentiating wage awards according to productivity increases, which was introduced in 1960. It has been found to produce too great differentials between sectors and branches, but no alternative method has so far been devised. A major point at issue is whether wages can be raised before the expiry of collective agreements: the government, which participates in adjudicating wage claims, has until now opposed such a settlement for the metallurgical industry since it fears repercussions, in conditions of labour scarcity, on wages in other branches where productivity has risen less.

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[108] As was noted earlier, the discount rate has since been reduced twice, but this was done — as in the United Kingdom — on balance-of-payments grounds.

[109] *Monthly Report* of the Deutsche Bundesbank, November 1960.

[110] The measures taken to stem the inflow of foreign funds are described earlier in this section.

[111] One-third of public investment expenditure has since been temporarily blocked, and various economies in the administrative apparatus are planned.

[112] See the *Economic Bulletin for Europe*, Vol. 12, No. 3, for more details of the budget.

In *Sweden*, the tightening of interest-rate policy since last autumn has been less important than increases in the reserve requirements of banks and government borrowing to absorb excess liquidity. Coupled with overall credit restraint, measures have been taken to damp down demand in certain sectors. A general turnover tax of 4 per cent has succeeded in slowing down the rate of growth of private consumption. New rules were introduced in June to enhance the existing fiscal incentives granted to companies to postpone investment projects.[113] Fiscal measures of restraint and the automatic increase in revenue with rising incomes produced a decline in the overall budget deficit of the general government in 1960 equivalent to 2.5 per cent of gross national product. This strong contractionary impulse was in contrast with the slightly expansionary effect (about one-half per cent of gross national product) of the 1959 budget.[114]

In *Norway*, where the expansionary policy of 1959 has not been reversed, monetary policy has not been used for some time as a major means of regulating short-term economic fluctuations. The discount rate has not changed since 1955. More reliance has been placed on budgetary policy, while some direct controls — the licensing of housebuilding and rationing of private passenger cars — were abolished in 1960. The desire to encourage investment was expressed in the abolition of a tax on undistributed profits; and public investment has increased. Direct action on prices was taken by reducing some sales taxes on consumer goods and by increasing subsidies. An expansionary fiscal policy was accompanied by a relaxation of monetary restraint by both private and state banking institutions.[115]

In *France*, even more than in Norway, the accent in 1960 was on expansion. The discount rate was reduced from 4 per cent to 3½ per cent in October — partly, perhaps, as a contribution to an international adjustment of discount rates, but mainly as an indication that official policy still aimed at expansion. The authorities have taken several measures to foster investment: these have ranged from a reduction in the interest rates charged by specialized credit institutions, larger depreciation allowances, and additional fiscal incentives to industrial reconversion and decentralization to the creation of a government-sponsored "investment bureau".[116]

At the end of the year, the National Council of Credit took a step intended to facilitate expansion of medium-term credit by the banks from their own resources, rather than by means of re-discounts with the specialized credit institutions or the central bank. Previously, banks had been obliged to hold treasury bonds equivalent to 25 per cent of their deposits; this reserve requirement was raised to 30 per cent, but now only 20 per cent needs to be held in treasury bonds and 10 per cent in cash, specified short-term assets, and medium-term credits.

Although a rise in public investment is budgeted for 1961, the main increases in expenditure are on salaries, subsidies, and other transfers which will thus stimulate consumption, as will the easing of hire purchase restrictions. At the same time, the Government is determined to do what it can to prevent wage increases from exceeding some 4 per cent a year. For this purpose, an attempt is being made to reduce consumer prices, primarily through measures to cut distribution costs as recommended in the report on structural reform.[117] Lower incomes are to be raised by means of higher social security payments and family allowances, and fiscal concessions; and housing facilities are to be improved.

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[113] A system designed to spread private investment more evenly over the business cycle by means of fiscal incentives has been in operation in Sweden since 1938. During a boom, firms may use part of their profits to build up an investment reserve, of which a certain share is deposited with the central bank. When the authorities consider that the economy requires a stimulus, the reserve may be used as an extra depreciation allowance and the deposit is restored to the investors. In addition, an amount equal to 10 per cent of the reserve used in this way is deducted from taxable profits. A more powerful incentive for building up reserves of this kind was provided by an additional scheme adopted in the early summer of 1960. According to this system, the whole amount of the reserve had to be deposited with the central bank before the end of October 1960. As an inducement to do so, companies were granted additional advantages, equivalent to annual interest of roughly 8-10 per cent on the extra amount deposited. These deposits will remain blocked until the end of 1961.

[114] See *Konjunkturläget*, November 1960.

[115] At the same time, the framework agreement on credit policy, concluded between the Bank of Norway and the other banking institutions, was extended from one to four years, thus putting the instruments for monetary control on a more permanent basis.

[116] The Commissariat du Plan has also exhorted industry to invest more.

So brief a survey of the divergent experiences of various countries in one year cannot demonstrate the relative merits of different combinations of monetary and fiscal policies for achieving domestic balance. One reason why it is difficult to reach firm conclusions on this subject, as in other fields of economic policy, is that interest-rate policy, direct liquidity controls, and fiscal measures tend to be used simultaneously in the same direction. It is, therefore, never possible to determine with any certainty how much of any desirable effects should be attributed to each.

One of the main objections to interest-rate policy as an instrument of restraint has been that it tends to discriminate against investment, in favour of consumption; for, of all forms of consumption, only expenditure on durables is at all affected by changes in the terms of credit — and even demand for consumer credit, especially for hire purchase credit, is notoriously interest-inelastic. Interest-rate policy has been thought to have the further disadvantage, from the point of view of growth, of tending to discriminate against long-term and development investment, which, because of the relatively long life of the assets concerned, is relatively interest-elastic, in favour of quick-yielding investments, many of which have a much lower social priority.

Even some who have acknowledged these long-run disadvantages have argued that in conditions of inflationary boom not only consumption but also investment needs to be restrained. Although advocates of this argument are no doubt aware of the possible conflict between short- and long-run considerations — internal balance versus growth — they believe that the short-run need to avoid inflation may be overriding.

Yet the experience of 1960, especially in the United Kingdom and western Germany, tends to strengthen doubts about the usefulness of interest-rate policy even as a short-term measure. In the United Kingdom, as was seen, private investment in fixed capital was buoyant (fortunately, perhaps) during most of 1960, despite higher interest rates. Western German experience was similar. Conversely, the modest attempts to underpin private fixed capital investment in the United States by an easing of interest rates have had little result; nor is there even any evidence that inventory movements were significantly affected by interest-rate policies.

In fact the forces making for high rates of investment at the peak of a boom are much too strong to be counteracted by practicable changes in interest rates. A further difficulty, also widely recognized, is that the monetary authorities find it much easier to operate at the short end of the interest spectrum; but it is the long end that is more relevant to the major categories of expenditure significant for internal balance. This weakness is aggravated by the inclination of the authorities to insulate fields of investment with high social priority, such as housing and public utilities, from increases in interest rates that are deemed desirable for monetary policy.

However, these doubts about the efficacy of an active interest-rate policy as a positive instrument of short-term policy in no way constitute a case for stable, low interest rates: a policy of permanently " cheap money " is quite incompatible with effective control of inflation. They suggest, rather, that interest-rate policy should be treated as an adjunct and support of direct measures of liquidity control and budgetary measures, with interest rates reflecting relative changes in supply and demand in the capital market.

This relationship between direct control of liquidity and interest-rate policy has been inadequately realized in the monetary policies of some countries, partly because of the gradual narrowing of the area of operation of traditional direct controls in recent years. These traditional controls, mainly in the form of conventional or legal reserve requirements, have applied chiefly, if not exclusively, to ordinary banking institutions. They have become less and less adequate owing to the marked trend in the postwar years for the share of the commercial banks in total credit granted to the private sector to decline in relation to the share of non-bank financial intermediaries, such as hire purchase finance companies, investment banks and trusts, housing and other mortgage institutions, the new issue market, and trade credit.[118] Some countries have attempted to extend direct liquidity control to these intermediaries, e.g. to hire purchase finance companies; but the attempts have frequently been hesitant, partial and inadequate.

The declining share of the ordinary banking system in total business credit has proved an obstacle to an effective monetary policy of restraint, chiefly by increasing the difficulty of influencing the liquidity of the public by means of traditional controls over commercial banks. Restraint on bank credit, designed to reduce the supply of money to the public, has frequently been offset by expansion of credit by non-bank financial intermediaries, showing itself as an increase in the " velocity of circulation of money ". In default of adequate direct controls of credit by non-bank financial intermediaries, the monetary authorities have tended to fall back on interest-rate policy as offering some hope of reducing the liquidity (or increasing the liquidity preference) not only of the banks, but also of the non-bank financial intermediaries and the public. In practice this hope has been very largely disappointed. The net effect has been that those countries relying heavily on monetary, as opposed to budgetary, policy for restraint have been relatively unsuccessful.

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[117] *Rapport du Comité chargé d'enquêter sur les obstacles à l'expansion économique*, Imprimerie nationale, Paris, July 1960.

[118] See, R. W. Goldsmith, " The Share of Financial Intermediaries in National Wealth and National Assets, 1900-1949 ", *Occasional Paper No. 45*, National Bureau of Economic Research 1954, and, by the same author, " Financial Intermediaries in the American Economy since 1900 ", National Bureau of Economic Research, Princeton, 1958; R. S. Thorn, " Non-Bank Financial Intermediaries, Credit Expansion and Monetary Policy ", *Staff Papers*, International Monetary Fund, November 1958; E. A. Birnbaum, " The Growth of Financial Intermediaries as a Factor in the Effectiveness of Monetary Policy ", *Staff Papers*, International Monetary Fund, November 1958. See also statements made in the United Kingdom by the chairmen of Barclay's and Martin's Banks concerning the ineffectiveness (and also unfairness) of restricting bank lending if other lenders are not subject to such restraint (*Financial Times*, 10 and 12 January 1961).

Three conclusions may be drawn: first, effective measures of direct control over the major non-bank financial intermediaries (e.g. minimum reserve requirements for hire purchase finance companies) are needed; second, once these controls are available, interest policy can and should be relegated to its proper place as a subsidiary, and largely passive, adjunct of direct liquidity controls; third, even with these improvements, monetary policy cannot be expected to provide an effective instrument of policy for internal balance unless strongly supported by a determined use of fiscal policy.[119]

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[119] This presupposes increased flexibility of budgetary instruments, a problem which was discussed in detail in Chapter VI of last year's SURVEY. It differs widely from country to country, depending not only on the institutional framework within which budgetary policy operates but also on views or prejudices concerning the practicability of varying different items of budget revenue or expenditure.

7. PROSPECTS FOR 1961

The United States

The movement of almost all the major economic indicators since the second quarter of 1960 clearly points to a mild recession which has not yet run its course.[120] Thus, the 3 per cent rise of real gross national product between 1959 and 1960 was the net effect of a large increase ($19 billion) in the first half of the year — the peak of the short-lived recovery [121] — followed by falls of $1.5 billion and $3 billion in the last two quarters respectively.[122] The index of industrial production, after fluctuating around a peak of 110 (1957=100) during the first half of the year, dropped to 102 in January 1961. Unemployment rose from 4.8 per cent of the labour force in February 1960 to 6.8 per cent one year later, and in certain depressed areas the rate was twice as high; by February 1961 nearly 5.7 million were out of work.

The decline in business activity was partly due to a reduction of inventories during the second half of the year (de-stocking was at a rate of $4.4 billion in the last quarter). During the same period, the volume of fixed investment also decreased, although for the year as a whole business investment in plant and equipment was 10 per cent above the 1959 level (as opposed to the forecast increase of 14 per cent earlier in the year).[123] Despite lower interest rates, starts in private house-building were 15 per cent lower in the second half of 1960 than a year earlier.

Durable manufactures (ranging from finished steel to capital equipment and all consumers' durables, including furniture) were most affected by the slowdown in output, and steel accounted for one-half of the decline after February. By December 1960, steel mills were operating at less than half of estimated capacity — the lowest rate for ten years (disregarding strikes). New orders for durable manufactures, sustained by higher defence orders during the third quarter, fell in the last quarter to the lowest level for two years; and the backlog of unfilled orders for transport equipment (including motor vehicles) was the lowest in a decade.

Personal incomes continued to rise until the fourth quarter, but owing to an increase in the savings ratio consumption expenditures did not rise after the middle of the year. In the field of consumers' durables, motor-car production for the year was at a level exceeded only in 1955; but unprecedented stocks (at about 1 million units) necessitated sharp cuts in output in the last two months of the year.[124] There was a similar, but less severe, decline in the production and retail sales of domestic appliances from the summer onwards. Sales of other consumers' goods were maintained and their value increased largely as a result of higher prices of food and clothing.

Alongside these symptoms of recession, there is increasing evidence that the situation may deteriorate no further. Although investment plans for the first quarter of 1961 decreased for the third quarter running, the prospective decline was moderate enough to justify expectations of an early upturn.[125] If business investment in plant and equipment revives, deliberate de-stocking should soon cease to be a depressive factor. Taking the experience of the 1958 recession as a guide, manufacturers' stocks of durable goods, typically the most important and volatile component of business inventories, should reach their minimum, in relation to new orders and sales, by the middle of 1961. Liquidation of steel stocks appears to have run its course, and steel production is already expanding. The strength of western European demand is likely to help the capital-goods industries. Finally, the renewed buoyancy of the stock market, where the sharp downturn in the early months of 1960 preceded all other indicators of recession, is evidence at least of confidence in financial circles.

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[120] In his first State of the Union Address to Congress on 30 January 1961, President Kennedy described the present state of the economy as " disturbing. We take office in the wake of seven months of recession . . .".

[121] Starting from February 1959, when the seasonally adjusted index of industrial production returned to its August 1957 level, the expansion lasted barely eleven months.

[122] All monthly and quarterly data refer to seasonally adjusted annual rates.

[123] The volume of investment did not reattain the peak reached before the 1957-1958 recession, whereas in the investment boom following the 1953-1954 recession real expenditure on plant and equipment exceeded the previous peak by almost one-fourth.

[124] The introduction of the new compact models late in 1959 has reduced the share of imported cars in the United States market from more than 10 per cent in 1959 to less than 8 per cent in 1960. A further decline is expected in 1961.

Owing to the change of administration, the development of business conditions in the United States in the coming months will be more dependent than usual on government policy. Federal expenditure for the fiscal year ending 30 June 1961 is estimated to be $2.4 billion higher than in the previous year. The new administration has announced its determination to stimulate economic activity by appropriate measures. " We cannot afford to waste idle hours and empty plants while awaiting the end of a recession. We must show the world what a free economy can do — to reduce unemployment, to put unused capacity to work, to spur new productivity, and to foster higher economic growth within a framework of sound fiscal policies and relative price stability." [126] Certain measures designed to speed up programmes for which funds have been appropriated have already been announced — prepayment of tax refunds and veterans' insurance benefits, defence procurement and construction (involving expenditures of roughly $700 million), highway and public welfare (including school) construction programmes costing more than $1 billion, and various reclamation projects for which contracts are to be placed as much as ten months ahead of the original schedule. Furthermore, Congress is being asked to approve, before 1 April 1961, $500 million worth of defence construction originally planned for the next fiscal year. In sum, an appraisal of prospects that is based both on the main economic indicators and on the timing and vigour of anti-recession measures already adopted or proposed suggests that an upturn may be expected by the middle of the year.

Short-term Prospects in Western Europe

Forecasts or estimates of rates of economic growth in 1961 have been made in a number of countries and are presented in Table 20. Generally, some slowing down in the pace of overall expansion is anticipated;[127] the exceptions are France and Sweden, where gross national product is expected to grow as fast as, or somewhat faster than, in 1960. Even so, the estimated increases of gross national product are high — between 4 per cent and 6 per cent for the countries listed — and similar rates appear likely, except in the United Kingdom and possibly Belgium,[128] for the other industrial countries of western Europe.[129]

The expected slowing down in the rate of overall growth in 1961 is ascribed, for the most part, to a moderation of the rate of expansion of exports; but here, too, relatively high increases are anticipated. The extent to which individual countries will be affected by a slower growth of export demand will depend largely on the regional distribution of each country's exports. Exports to the United States are unlikely to fall below the level of the latter part of 1960 and may rise towards the end of the year if American economic activity revives. No rise in exports to primary-producing countries is foreseeable in the near future — indeed, a decline is possible on account the lower foreign exchange reserves of many of these countries. With continued economic expansion in western Europe, the countries whose exports are concentrated on western European markets, in particular western Germany, should be least affected by any temporary stagnation of overseas export demand.

Except in the United Kingdom, total domestic demand shows no signs of slackening. From the estimates made in a few countries, and from other indicators, gross fixed investment and private consumption in western Europe will probably grow appreciably in 1961.[130] In particular, private investment in manufacturing will continue to expand rapidly, despite the

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[125] The seasonally adjusted investment plans for the first quarter of 1961 are only 3.9 per cent below the outlays during the peak quarter of 1960, whereas the trough in 1958 was nearly 22 per cent below the 1957 quarterly peak. A 1 per cent fall below the 1960 average is expected in manufacturing industry, but increases are anticipated in the commercial and public utility sectors.

[126] See the presidential address to Congress, quoted above.

[127] It is noteworthy that, for reasons indicated in sections 1 and 2, actual rates of growth in 1960 exceeded the forecasts made early in the year (see the *Economic Bulletin for Europe*, Vol. 12, No. 1).

[128] The probable impact of the Congo crisis on the Belgian economy, and the principal measures taken or envisaged both to counter it and to remove some structural weaknesses of the economy, were described in the *Bulletin*, Vol. 12, No. 3. Serious social disturbances arose at the end of the year in connexion with the " loi unique " — the bill incorporating these measures. The direct loss of industrial production resulting from the December strikes has been put at some 5 per cent of one year's industrial output (see Professor F. Baudhuin in *La Libre Belgique*, 31 December 1960-1 January 1961).

[129] For recent economic developments in the countries of southern Europe, and their short-term prospects, see the *Economic Bulletin for Europe*, Vol. 12, No. 3.

[130] In France, budgetary and other measures have been taken in an attempt to accelerate the growth of gross fixed investment and private consumption (see the *Economic Bulletin for Europe*, Vol. 12, No. 3).

TABLE 20

Economic developments in 1960 and forecasts for 1961 in certain western European countries

Percentage changes in volume over the previous year

		Gross national product	Imports of goods and services	Gross fixed investment	Private consumption	Public consumption	Exports of goods and services
Austria	1960	5.5	16	8.5	6	3	14
	1961	4	6	5	4	3	8
Finland [a]	1960	7.5	17.5	10	—— 8 ——		12
	1961	5	. .	. .	. .	. .	. .
France	1960	5	17.5	6	4	8	17
	1961	5.5	9	7	5	3	10
Western Germany .	1960	8	17	11	7.5	8	12
	1961	4-5	. .	. .	. .	. .	. .
Netherlands	1960	8.5	14	14	6	2.5	10
	1961	6	. .	. .	. .	. .	. .
Norway	1960	6	7.5	4	5	4	9
	1961	4	6.5	3	4.5	4	6.5
Sweden [a]	1960	3	14	3	2	4	11.5
	1961	4	4	2	5	4.5	6

Sources: Austria: OEEC, *Economic Conditions in Member and Associated Countries, Austria,* December 1960. Finland: *Regeringens proposition till riksdagen med förslag till indkomst- och utgiftsstat för år 1961* (Draft budget for 1961). France: Ministère des Finances, *Le Rapport Economique et Financier du Projet de Loi des Finances pour 1961,* " Statistiques et Etudes Financières ", October 1960. Western Germany: OEEC, *Economic Conditions in Member and Associated Countries, Federal Republic of Germany,* November 1960, and Deutsches Institut für Wirtschaftsforschung, *Wochenbericht,* 18 November 1960. Netherlands: *Zitting 1960-1961 (6100) — Rijksbegroting voor het dienstjaar 1961 — Nota betreffende de toestand van 's rijke financiën 1961.* Norway: *Ekonomisk Utsyn over året 1960,* and figures directly supplied by the Central Statistical Office. Sweden: *Preliminär Nationalbudget for år 1961.*

[a] These data include repairs and maintenance and are, therefore, not in accord with the OEEC definition. The Swedish figures consequently differ somewhat from the data for 1960 shown in Table 1.

credit restrictions introduced or tightened in the course of 1960.[131] If the rate of growth of total gross fixed investment slackens, this will largely result from a slowing down or stabilization of investment in dwelling construction. Private consumption is likely to expand in consequence of further increases in employment (though probably smaller than in 1960), higher wages and transfer incomes; and the tendency for the share of expenditure on consumers' durables and services in total private consumption to rise (except in countries where hire purchase restrictions have recently been introduced or reinforced) may be expected to continue.

Again with the sole exception of the United Kingdom, balance-of-payments developments are unlikely to cause concern in any of the industrial countries of western Europe. Even in countries such as Denmark, where in the past rapid economic expansion has invariably brought in its wake a worsening of the external position, the balance of payments presents no immediate problem for policy.

In the United Kingdom the balance of payments — and, to a less extent, fear of rising domestic costs — are once more matters of concern to the authorities and set limits to their freedom of action. Restraint of expansion necessitated by balance-of-payments considerations and by the international role of sterling has been a familiar feature of British postwar experience;[132] but its recurrence in the past two years — even though investment has been high — again raises the question whether sporadic growth can be avoided. Growth in the United Kingdom has been slower and more irregular than in most other industrial countries of western Europe, and the balance of payments more vulnerable. The current deficit in 1960 — the largest since 1951, and arising at a time when domestic resources were clearly under less strain than in either 1951 or 1955 — developed after a relatively brief period of domestic expansion. Even if expansion is not fostered by government policy, it is almost certain that 1961 will bring another (though probably smaller) external deficit and thus, for the first time since the war, a deficit for two years running.

Britain's unsatisfactory balance-of-payments performance in 1960 was due less to the rise in imports

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[131] In the United Kingdom, where consumers' and public authorities' expenditure, as well as exports, declined slightly from the first to the third quarter of 1960, the investment inquiry carried out by the Board of Trade at the end of the year (see *Board of Trade Journal,* 27 January 1961) indicates that the investment boom is continuing. Total private fixed capital expenditure is expected to be about 20 per cent higher in 1961 than in 1960, with investment by manufacturing industry rising by 30 per cent and that of other industries and services by 10 per cent. This forecast is supported by replies to the inquiry undertaken by the Federation of British Industries at the end of January 1961; 34 per cent of the firms questioned expect to spend more on plant and machinery in 1961 than in 1960; 25 per cent plan to spend less. In the previous quarterly inquiry the corresponding shares were 37 per cent and 27 per cent.

[132] See the *Economic Survey of Europe in 1958,* Chapter III.

— steep as it has been — than to the sluggishness of exports and to a decline in net income from invisibles.[133] Unless either holders of sterling consider exchange reserves (including the second-line reserves of IMF drawings) sufficient to cover the risk of a larger payments deficit, or exports expand much faster than now seems probable, the authorities will have little scope for expanding internal demand in 1961. In this situation, and against the background of sluggish growth, two recommendations have been put forward; one favours an increase in international liquidity, which would diminish the conflict between domestic and external considerations in the United Kingdom; the other advocates a reappraisal of the traditional means of credit control as the major arm of economic policy.[134]

Fear of renewed inflationary tendencies in a number of countries, particularly in western Germany, may prove groundless; but there is a danger that the authorities, prompted by anxiety about possible price increases, may take measures which are liable, as in the period 1955-1958, to retard the growth of output without checking wage increases. If this happens, wage-costs per unit of output will rise even faster for a time. If private investment were ultimately checked by excessive reliance on credit restraint to prevent a wage-price spiral, both continued growth and price stability would be jeopardized in present conditions of labour scarcity.

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[133] As pointed out in section 6, the reserves rose in 1960 as a result of an inflow of short-term funds which could scarcely be regarded as a true addition to external liquidity.

[134] " Financial restrictions are designed not merely to check overall demand but to promote a lowering of costs and a more efficient deployment of economic resources. Nowadays they serve merely to restrain demand without, in the short run, producing those effects on the economy which are also part of the prescription." (Sir Oliver Franks in his annual statement to Lloyds Bank, *Report and Accounts 1960.*) For a discussion of the balance-of-payments problem, see NIESR, *Economic Review*, January 1961; for a general reappraisal of policy, see PEP, *Growth in the British Economy*, London 1960, and the suggestion of Sir Oliver Franks (*op. cit.*) for greater use of fiscal policy (including new instruments, such as a payroll tax). See also J. C. R. Dow, " Fiscal Policy and Monetary Policy as Instruments of Economic Control ", *Westminster Bank Review*, May, August and November 1960.

8. NOTE ON YUGOSLAVIA

Developments during 1960

Gross national (material) product rose in 1960 by 8 per cent, whereas in 1959 the increase amounted to 18 per cent; agricultural output [135] declined by more than 10 per cent; and industrial production and productive services rose by 15 per cent and over 10 per cent respectively (see Table 21). The divergent rates of growth of these components illustrate once again the importance of harvest fluctuations in determining the rate of overall growth.

In the course of 1960 the Yugoslav price level rose sharply, partly because of the raising of administered prices, partly because of sectoral demand pressures. Demand for construction materials exceeded supplies and their prices rose by some 15 per cent (annual average). Although investment increased strongly (by 8 per cent in volume above the 1959 level), the prices of machinery remained virtually unchanged since domestic output increased by 20 per cent and imports by 59 per cent. Pressure in the investment sector was reduced by the credit squeeze initiated in April 1960; and although the value of investment in the first nine months of 1960 exceeded that of the corresponding period of 1959 by more than 30 per cent, this rate was brought down to less than 20 per cent for the year as a whole.

From 1959 to 1960 retail prices went up by 7 per cent and the cost of living by 11 per cent. This was due in part to increases in various administered prices: rents were raised by 150 per cent to what is considered now to be nearer to an economic level, and prices of some services (electricity, transport, etc.) and agricultural products were raised for the same reason.

TABLE 21

Selected economic indicators for Yugoslavia

	1958	1959	1960	1961 Plan Percentage increase over 1960
	Index numbers of volume (1956 = 100)			
National income	125	148	160	12.5
Industrial output	129	147	169	12
Capital goods	131	154	184	..
Intermediate products	127	141	159	..
Consumers' goods	133	153	179	15
Output per worker in industry	109	114	121	7.0
Agricultural output	128	169	147	16.2
Livestock output	117	133	..	9.3
Crops	..	179	..	19.0 *
Construction	128	142	153	8.0
Gross fixed investment	122	143	155 *	..
Personal consumption	120	..	146	..
Exports	133	145	174 [a]	8.4
Imports	140	142	170 [a]	..

Sources : National statistics; *Službeni List*, No. 53, 1960.

[a] 1960 over 1959 in value terms.

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[135] Although 1960 was a bad harvest year, agricultural output was about 2 per cent larger than in 1957 (the previous peak year) and 15 per cent larger than in 1958 (also a bad harvest). This was due to the spread of modern technique, and an uninterrupted increase in livestock output; for the same reasons, the output of the " social sector " was 12 per cent higher in 1960 than in 1959.

Moreover, producer subsidies for some agricultural products were reduced or eliminated with resultant price increases to consumers (though some subsidies were reintroduced late in 1960, but apparently served only to prevent a further rise of retail prices). The remainder of the price increase was largely due to sectoral demand pressures as changes in the pattern of supplies lagged behind shifts, resulting from rising incomes, in demand for specific commodities.[136] Output of consumers' manufactures was 17 per cent greater than in 1959 and supplies to the home market probably increased at a similar rate. Output of livestock products rose by some 10 per cent, and among them that of meat by 13 per cent (but supplies of meat to the home market may have increased less, since exports rose sharply). In spite of increased supplies, prices of agricultural products rose. On the other hand, prices of most products in weaker demand failed to decline owing either to price guarantees or to stock building. Output of fruit and some vegetables was below the 1959 level, leading to higher prices for the former and sharp seasonal fluctuations in prices for the latter.

A 20 per cent rise in nominal wages more than offset the increase in the cost of living; real wages rose by 9 per cent. Real incomes of peasants seem to have been more or less maintained, despite the fall in farm output as farm prices rose.

The values of exports and imports rose in the same proportion — by 20 per cent. The visible trade deficit increased, despite some improvement in the terms of trade due to the larger share of manufactures and processed food in total exports. There was, however, no difficulty in financing imports, since larger long-term credits had been negotiated abroad than in the previous year. The rapid increase in industrial production rendered possible an expansion of industrial exports (including processed foodstuffs) by 18 per cent; and higher output of livestock products, as well as stocks carried over from the previous year, increased exports of foodstuffs by 28 per cent.

The 1961 Plan

As can be seen from the figures in Table 21, the plan for 1961 aims at an increase of gross national product by 12.5 per cent. The indications given of plans for the various categories of national expenditure are not entirely clear. However, state and co-operative investment is planned to rise by 5 per cent in volume (probably covering both fixed investment and working capital). If farm output rises, as planned, by 16 per cent, private investment in agriculture might be expected to rise by a similar proportion. The indication given of expected private investment then leads to an estimate of a rise in the overall volume of investment by some 7 per cent. The plan states that total personal consumption should rise in volume by 8 per cent (6.6 per cent per capita), and collective consumption by 11 per cent. Exports are planned to rise by 8.4 per cent; and it has been officially stated that imports may rise faster.

Despite the efforts being made to tie the rise of wages to the growth of productivity (which, even if precisely achieved, would imply a rise in aggregate real wages in industry by 12 per cent), it is of course possible that the growth of total personal consumption may exceed 8 per cent. It would, indeed, seem unlikely that peasants' real consumption could rise much more slowly than farm output, particularly since the present system of taxation implies a smaller proportionate deduction from peasant incomes in years of good harvests than in years of bad ones.

Nevertheless, the impression remains of a plan designed not only to avoid all danger of strain on total resources in 1961 but even to provide for some accumulation of " reserves " in the economy. This impression is confirmed, to some extent, by the provision, among planned outlays in the socialist sector, both for special Federal and other " reserves in the economy " and for " errors and omissions " exceeding the corresponding total for 1960 by 165 billion dinars at 1961 prices. Taken together, these two items are equivalent to nearly 5 per cent of planned national product.

The avoidance of strain in the domestic market is particularly necessary now as a result of the recent reform of the exchange rate and foreign trade control system described below. A general rise in the domestic price level would lessen the inducement to export, and exports would become less competitive in world markets. The liberalization of between one-fourth and one-third of imports is confined mainly to raw materials and semi-manufactures not produced on a large scale in Yugoslavia. It could nevertheless cause an embarrassing increase in this sector of trade if internal demand in general, and/or demand and prices in closely related domestic sectors, rose rapidly.

In the investment sector, credit control is being exercised mainly by measures to transfer deposits to, and thus channel loans through, communal banks, which are subject to minimum reserve requirements. It is hoped by this means to bring demand for credit, particularly for investment, in line with available resources.

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[136] The coefficients of income elasticity of demand in Yugoslavia, as recently calculated, are as follows: consumers' manufactures 1.2, of which, textiles 0.82 and durables 2.64. Within the latter, television sets 3.95, refrigerators 2.86, sewing machines 2.2, and other household apparatus 2.09 (see *Ekonomska Politika*, No. 463, 1961).

TABLE 22

Supply and use of resources in Yugoslavia, 1960-1965

	1960	1965	Percentage increase 1960-1965	Average annual rate of growth 1960-1965	Average annual growth 1960-1965 as percentage of growth in 1956-1960
	In 1960 prices				
1. Gross national product (billion dinars)	2 782	4 778	72	11.4	90 *
2. Trade balance (billion dinars)	−92	+88			
3. Domestically available resources	2 875	4 690	63	10.3	
Utilization (percentage shares of 3):					
4. Personal consumption	*46.5* [a]	*43.4* [a]	52	8.8	88
5. Collective consumption [b]	*15.0*	*13.6*	48	8.2	60 *
6. Increase in stocks and working capital [c]	*7.9*	*10.0*	105	15.4	..
7. Fixed capital investment	*30.6*	*33.0*	76	12.0	110
of which (percentage shares of 7):					
8. Industry and construction	*33.9*	*37.5*	95	14.3	..
9. Agriculture and forestry	*16.5*	*15.0*	59	9.8	..
10. Services	*21.4*	*20.0*	65	10.5	..
11. Housing and other building	*28.2*	*27.5*	86	13.2	..

Source : *Službeni List*, No. 53, 1960.

[a] On the concept as used in western statistics, this figure would be a few percentage points higher owing to the inclusion of unproductive services, which are not taken into account here.

[b] Including an unspecified part of private consumption.

[c] Including a part of private investment.

Currency and Foreign Trade Reform

A system of multiple exchange rates was operated until recently, partly because of divergencies between the foreign and domestic price structures and partly because of the absence of conventional instruments of trade policy such as a customs tariff. Since price differences have now been greatly narrowed, and since a provisional customs tariff was adopted in the summer of 1960 for capital goods and extended to all other commodities later, the introduction of a unitary exchange rate — 750 dinars to the dollar — was considered practicable. The tariff has now become the principal tool of commercial policy; other trade restrictions are imposed only because of balance-of- payments difficulties. These measures continue the reform of the economic system initiated in the early fifties.

The new currency regime provides for the liberalization of a proportion of imports of raw materials and semi-manufactures (between one-fourth and one-third of total imports). Machinery, equipment, and consumers' manufactures can be imported under global quotas from all countries with which Yugoslavia has no bilateral payments agreement and under conditional global quotas from countries with which there is such an agreement. The former system of allocating " quotas " of foreign exchange to particular branches of industry, trade etc. has been abolished. Currency is made available by the National Bank on demand for liberalized imports and for imports within the announced quotas.

The effect of the new exchange rate on exports of those commodities which have so far been sold at a higher dinar/dollar rate is the same as that of a currency revaluation. Some, which are considered uneconomic, will be stopped altogether; and others (i.e. those subject to heavy taxation or the costs of which can be considerably reduced before 1965) will be continued with the help of tax cuts or temporary subsidies. The growth of these exports is expected to slow down until rationalization — already under way — takes full effect. Some currently high prices can be lowered immediately by a reduction in the high profit margins in some export industries. For the majority of other exports, previously sold at an exchange rate lower than 750 dinars per dollar, the new rate will have a stimulating effect. Export earnings from agricultural products are expected to rise appreciably since their prices are lower than world market prices; a special tax will therefore be levied to mop up excessive profits.

The effects of the reform on exports are difficult to evaluate and have to be considered within the framework of the new five-year plan, when efforts will be made to cut costs in export industries and to improve their competitiveness. Large investments are foreseen in shipbuilding, electrical engineering, other metal-using branches, chemicals, and the branches exporting timber, cellulose, paper, copper products, beef, tinned fruit and vegetables. It is believed that in this way exports can be raised, on average, by 14 per cent every year from now until 1965. A higher trade deficit is expected in 1961, and possibly also in 1962, as a rise in imports of raw materials is envisaged following liberalization. For this reason, a credit of about $275 million has been granted by the IMF, the United

States, and some western European countries to support the reform.

Other advantages which the removal of differential exchange rates is expected to yield are the possibility of more accurately comparing international costs and, with the help of tax reform and increased output, of hastening the alignment of domestic and world market prices.

The New Five-year Plan

A new plan covering the 1960-1965 period came into force on 1 January 1961, after the completion of the preceding plan one year ahead of schedule.[137] (See Table 23.) The plan provides for an annual increase in national output of over 11 per cent,[138] and seems less ambitious when compared with actual achievements in the preceding four years than in comparison with earlier periods.

Nevertheless, it is difficult to judge the realism of the plan on the basis of the growth rates shown above, for the following reasons: from 1948 to 1954 agriculture was a neglected sector; investments in the period 1948-1952 were greatly dispersed; and the interruption of trade with eastern European countries involved Yugoslav trade in a large-scale diversion and loss. All of these factors tended to reduce the rate of growth in that period. On the other hand, expansion in the period 1956-1960 started from relatively low levels, when there was much more idle capacity than there is now, and this contributed to the attainment of a high rate of growth. Thus, the new plan will be implemented in less favourable conditions than those of the immediately preceding period, but more favourable than those of the 1948-1957 period.

~~The~~ realism of the targets for agricultural expansion is the most difficult to evaluate. ① Until 1957 agricultural yields hardly changed, except for fluctuations caused by weather: from 1957 onwards, considerable progress was made as a result of much higher inputs. Thus, prior to 1957 average wheat yields amounted to roughly 12-13 quintals, those of maize to 15-16, of sugar-beet to 160-180; in recent years they have averaged 16, 21-22 and 250 quintals respectively. ② Further large increases may prove more difficult to attain; but less than one-third of the total agricultural area has so far benefited from the application of improved techniques, and the plan aims at spreading technique further rather than at increasing yields on areas where they are already high. The prospective expansion of agricultural output will depend on the magnitude of inputs provided in the plan (see Table 24).

③ A further point relevant to an appraisal of the plan is that the technical means (a combination of selected seeds, fertilizers and deep ploughing) of raising yields have already been introduced for products accounting for more than 50 per cent of agricultural output (wheat, maize, sugar-beet, some vegetables, some fruit, meat and milk) and are being introduced for products constituting a further 25 per cent. ④ A difficulty in extending their use is the fragmentation and small size of individual farms. To overcome this difficulty, the authorities intend to promote greater co-operation among farmers; the attainment of the agricultural targets of the plan may largely depend on the success of this venture. Further improvement of agricultural terms of trade is expected. The co-operative and state farms (which account for some 10 per cent of the

TABLE 23

Rates of growth of national output in Yugoslavia, 1948-1965

	Output in billion dinars [a]		Percentage increase	Average annual rate of growth		
	1960	1965	1960-1965	1960-1965	1956-1960	1948-1960
National income	2 574	4 399	71	11.3	13.0	7.2
Gross national product	2 782	4 778	72	11.4	13.4 *	7.8 *
of which (percentage share) :						
Industry	43.5	46.8	84	13.0	14.1	10.7
Agriculture	23.9	19.7	42	7.2 [b]	10.3 [b]	4.9 [b]
Construction	5.5	6.0	87	13.3	16.2	3.8
Others	27.1	27.5	75	11.8	13.3 *	9.6 *

Source : Službeni List, No. 53, 1960. [a] Constant 1960 prices. [b] Based on two-year averages.

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[137] Planned percentage increases for the period 1957-1961, and actual achievements during 1957-1960, were as follows: national income 54 and 60; industrial output 70 and 69; agricultural output 41 and 60 (average 1959-1960 over 1955-1956); exports 73 and 74; imports 42 and 70; personal consumption 37 and 46. Investment was 11 per cent less than planned.

[138] This rate would be somewhat lower if measured in terms of western European relative prices, for two reasons: first, because agricultural output, which rises more slowly, is measured in prices which are relatively lower in Yugoslavia than in western Europe; and, second, non-productive services, whose output also increases less fast than that of other sectors, are not included. On the other hand, if output were measured in the prices of eastern European countries, a similar or slightly higher rate of increase would result since agricultural prices in Yugoslavia are closer to those of other sectors of output than in eastern Europe.

TABLE 24

Agricultural inputs in Yugoslavia, 1948-1965

	1948-1952	1953-1956	1957-1960	1958	1959	1960	1965
	Annual averages						
State and co-operative investments and credits							
Billion dinars (1956 prices)	22	24	76	65	91	103	161
As percentage of total investment	6.0	6.2	12.5	12.7	14.9	12.0	11
As percentage of total investment (including private)	6.5	7.5	15	15	16	15	14
Tractors							
Thousand units	4 *	8 *	29	26.5	31.7	36	70
Per thousand hectares of arable area	0.6	1.1	3.8	3.5	4.1	4.7	8.8
Fertilizers (gross)							
Thousand tons	64	248	1 095	982	1 135	1 500 *	2 500 *[a]
Kilogrammes per hectare of arable land	9	34	143	128	148 [b]	190 *[b]	320 *[b]
Output of maize [c] (thousand tons)	3 078	3 528	5 560	3 950	6 670	5 960	9 500
Soya beans [c] (thousand tons)	8.6	2.3	13.0	8.1	10.1	42.0	400.0

Sources : National statistics, and *Službeni List*, No. 53, 1960.

[a] Based on expected output in 1965 of 2 million tons, and estimated net imports of 500,000 tons.

[b] This average inadequately indicates true regional consumption, since supplies are concentrated on fertile regions. For instance, in the Vojvodina gross consumption in 1965 may exceed 800 kilogrammes per hectare, against some 450 in 1960.

[c] Maize (the principal feeding stuff) and soya beans (planned to become a major source of fodder production by 1965) are included as inputs for livestock production.

total arable area, and for one-fourth of fertile land in the Vojvodina) intend to enlarge their area by buying or leasing additional land. On the basis of these developments, agricultural output is planned to grow by over 7 per cent [139] annually and, within this total, output of livestock by 10 per cent, and of fruit by over 9 per cent.

The increases in industrial productivity (6.4 per cent a year) written into the plan represent a considerable increase on past rates of growth — 4.2 per cent a year in the last eight years and 5.4 per cent in the last four years. If the planned rate of increase is to be fulfilled, the level of skills will have to be raised; for although the principal industries have levels of equipment similar to those in developed countries, productivity is much lower owing, *inter alia*, to inferior skills; and up to the mid-fifties the increase in productivity was slowed down by irregular supplies of raw materials and unchanging wages. Further progress in the removal of these weaknesses could provide much scope for increased productivity in coming years.[140]

The supply of manpower should not be a bottleneck, inasmuch as new entries to the labour force are increasing quite fast and more than one million persons are still under-employed in agriculture. New employment outside agriculture is planned to rise by just over 6 per cent (and industrial employment in the same proportion) or 200,000 persons a year — i.e. some 80,000 more than the increase in the active population. This implies a reduction of the active population in agriculture from some 55 per cent to 48 per cent of the total labour force, and a further decline in absolute employment in that sector.

Capital-intensive investment in basic industries and transport, and in automation, will be accorded high priority. The planned rate of growth of fixed investment is therefore higher than that of consumption (12 and 9 per cent respectively), with a modest redistribution of gross national product (see Table 22). Overall productivity is planned to rise by almost 40 per cent, and capital intensity by nearly 60 per cent, so that the incremental capital/output ratio for the economy as a whole will go up from 2.4 to nearly 2.8. However, this increase is to some extent more apparent than real, since there was more idle capacity at the start of the previous plan-period than now.

About 35 per cent of total investment is earmarked for industry (compared with roughly 32 per cent in the past) and on this basis industrial output is planned to grow at an annual rate of 13 per cent (compared with 14 per cent in the past four years), productivity increasing by 6.4 per cent a year. Average annual investment in the production of metals, construction materials, and chemicals in the period 1960-1965 is planned to be 145, 185 and 250 per cent greater respectively than in 1957-1960 — a much greater rise than that planned for industry as a whole (94 per cent). The two former branches have been selected for increased investment because in the past four years their output lagged behind demand, thus causing

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[139] Gross agricultural output (including double-counting of fodder and imports) is to increase by 8.3 per cent annually.

[140] The plan aims at increasing the number of qualified workers by 400,000 by 1965 (against total industrial employment at that date of 1.4 million), and the number of technicians by 170,000. It is also planned to give higher education to an additional 85,000.

TABLE 25

Output and exports of certain products in Yugoslavia, 1949-1965

	Percentage shares 1959	Annual rate of increase			
		1949-1952	1953-1956	1957-1960	1961-1965
Industrial output	—	—	13	14.1	13.0
Industrial exports[a] *(value)*	*75.6*	1	12.5	18.0	12.7
Metal-using	*10.7*	14.0	>200	200[b]	..
Shipbuilding	*7.8*	—	—	200[b]	..
Electro-engineering	*4.3*	—	>250	>100[b]	..
Woodworking and timber	*12.5*	—	4.5	12[b]	..
Textiles	*4.9*	—	>100	12[b]	..
Food processing	*7.8*	—	14.1	>80[b]	..
Agricultural output *(volume)*	—	—	6.5	10.3	7.2[c]
Agricultural exports *(value)*	*21.6*	>20	—	11.7	17.7
Total exports *(volume)*	*100*	2.8	8.8	14.6	14.2

Sources : National statistics, and *Službeni List*, No. 53, 1960.

[a] Including processed foods.

[b] 1957-1959.

[c] The increase over 1959/1960 average. Gross output (including double-counting of fodder) is to increase by 8.8 per cent.

market strains and a faster rise of imports than planned. Investment in chemicals is to rise more than average because of increasing use of fertilizers, plastics and artificial fibres, and because of the import-saving and export-raising effect of an increase in output. Investment in the processing of agricultural products, the timber industry,[141] metal-using industries and energy is close to the industrial average. By means of these higher investments, and by putting some spare capacities to work, the output of capital goods is planned to rise by 13 per cent, intermediate goods by nearly 13 per cent, and consumers' goods by 14 per cent.[142]

The new plan is designed to foster the expansion of output in the less developed regions, where capital formation in the next five years is planned to exceed that of the preceding five-year period by 130 per cent. In Macedonia, total output is to increase annually by 14-15 per cent, and in Montenegro and Kossovo-Metohija, by 18-20 per cent. For this purpose a special development fund will be created for financing roughly one-third of the investment undertaken in these regions. The extraction and processing of local raw materials will be given priority, and the development of labour-intensive industries will be encouraged so as to absorb sizable disguised unemployment.

Per capita personal and collective consumption are planned to increase annually by 7.5 per cent and nearly 12 per cent respectively. The wage-bill is to increase at about the same rates as output (11 per cent), and increases in per capita wages are to be kept in step with productivity increases. Salaries are expected to grow at a similar rate, and per capita farm income by just over 5 per cent. Retail sales are planned to rise by 12 per cent, food consumption by 6 to 6.5 per cent, consumption of other consumers' goods by 11.5 per cent (of which durables by about 13-15 per cent) and services at higher rates still.

The plan for foreign trade is rather ambitious in its aim of raising exports by 94 per cent and of eliminating the current-account deficit by 1965 (see Table 25). Since a slight reduction in the import content of output by means of import substitution is envisaged, an increase in imports of 61 per cent is considered to be adequate; imports of industrial materials are, however, to increase faster. Receipts from tourism and other services are expected to rise by over 70 per cent. The growth of exports is to be achieved by expanding output of those commodities for which foreign demand is elastic,[143] and by reducing costs; and long-term credits are granted to promote exports of machinery. The plan assumes that economic expansion abroad will continue at the same average rate as during the fifties, although exports are bound to be affected by changes in that rate. The expansion of exports of agricultural products to western markets may prove difficult. But higher exports of early fruit and vegetables are planned since Yugoslavia has transport advantages over competing exporters. A considerable increase in maize exports is envisaged; and exports of beef and processed foods, for which demand in western Europe is expected to increase, will be encouraged.

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[141] To meet rising demand both at home and abroad and to provide an outlet for additional agricultural output.

[142] The planned percentage increases for major sectors of output are as follows: equipment 13.5; construction materials 14.9; metals 11.5; chemicals 16.7; timber and cellulose 15.4; durables roughly 15; textiles and footwear 11.4; and food processing 13.4.

[143] Notably ships, electric engineering, other products of the metal-using industry, chemicals, timber, cellulose, paper, copper products, processed food (mainly beef), tinned fruit and vegetables.

CHAPTER II

ECONOMIC DEVELOPMENT IN EASTERN EUROPE AND THE SOVIET UNION IN 1960

INTRODUCTION[1]

Rates of economic growth (of net material product) in Hungary, Poland and the Soviet Union in 1960 were practically identical with those recorded in 1959 (6,5 and 8 per cent respectively); and although the 1960 figure in eastern Germany has not been published, the 8.5 per cent rise in 1959 seems to have been nearly repeated. In Albania, Bulgaria and Rumania — the least industrialized countries of the area — the very high rates of growth of national income attained in 1959 (about 20, 22 and 13 per cent respectively) were followed by increases of 3, 7 and 8 per cent in 1960; and in the first two countries this was partly the result of the slower expansion of industrial output. In Czechoslovakia, on the other hand, national income rose by about 9 per cent in 1960 — faster than in 1959 and faster than planned — as a consequence of an above-plan expansion of industrial output and a significant, though below-plan rise of agricultural production. Agricultural output seems, in fact, to have been below the planned levels in nearly every country except Poland, generally as a result of shortfalls in the livestock sector.[2]

For Czechoslovakia, Poland and Rumania, 1960 was the last year of five-year development plans started in 1956 and was for Hungary the end-year of a three-year transitional plan (1958-1960). The continuing industrial successes and agricultural failures (in relation to the uniformly ambitious plans for farm output) registered in these periods are reflected in the data below. Similarly, the two countries which embarked on new long-term plans in 1959 — eastern Germany and the Soviet Union — exceeded their targets for industrial expansion in the first two years of the plan period, whereas agricultural output, at least in the Soviet Union (no data for eastern Germany are available), was less than planned:

Planned and actual output of industry and agriculture

	Percentage increase 1955 to 1960			*Percentage increase 1957 to 1960*
	Czechoslovakia	*Poland*	*Rumania*	*Hungary*
Net material product				
Plan	43	46	ca. 50	13
Actual	41	40	ca. 40	20
Gross industrial output				
Plan	54	49	60-65	22 [a]
Actual	66	59	67	40 [a]
of which:				
Producers' goods				
Plan	61	51	70-75	28 [a]
Actual	74	63	82	53 [a]
Consumers' goods				
Plan	44	47	50-55	..
Actual	56	54	45	28 [a]
Gross agricultural output				
Plan	27	24	..	12
Actual	11	20	..	10 [b]

Sources : National plans and plan fulfilment reports.

[a] Totals are for state and co-operative industry, sector breakdown is for state industry.

[b] Net output.

Percentage increase of gross output from 1958 to 1960

	Industry		*Agriculture*	
	Plan	*Actual*	*Plan*	*Actual*
Eastern Germany	20	21	..	..
Soviet Union	17	22.1	16	2-3*

The rise of investment outlays, ranging in 1959 from 12 per cent in the Soviet Union to about 50 per cent in Bulgaria (with an eastern European average of more than 20 per cent), slowed down in 1960 in all eastern European countries except Rumania. Investment everywhere still rose faster than national income, but absorbed a smaller share of the increment in 1960 than in the previous year; and the faster growth of incomes and consumers' supplies in most countries of the area suggests that personal consumption benefited from this slight change in resource allocation. However, Poland and Hungary are exceptions to the general rule of an accelerating rise of real personal incomes.

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[1] Wherever values in roubles are mentioned in this chapter they are in " old " roubles unless otherwise indicated.

[2] For a review of recent developments in agriculture, see Chapter IV, section 5.

1. THE EXPANSION OF INDUSTRIAL OUTPUT

Factors of Growth

The high rates of industrial expansion which have characterized the postwar development of eastern Europe were maintained in 1960 in all countries of the area, including the Soviet Union. In seven out of eight countries the annual rate of growth exceeded 10 per cent, and the slowing down of the pace of expansion expected in a number of countries has not materialized (see Table 1). All countries surpassed their targets, some — Hungary, Poland, Rumania — by a wide margin; in Bulgaria the planned increase of 15.2 per cent seems to have been revised downwards during the year to about 11 per cent, and this reduced target was exceeded. Only in eastern Germany and the two least industrialized countries, Albania and Bulgaria, was there a marked slackening in the rate of industrial growth — from extremely high 1959 rates in the last two countries.

The uneven growth of industrial output in the centrally-planned economies from month to month and from quarter to quarter is caused not only by seasonal fluctuations, but also by the incidence of waves of intensive effort in the last stages of plan periods.[3] This makes it extremely difficult to identify trends during the year. It nevertheless seems that a definite slackening of industrial growth occurred in eastern Germany in the second and third quarters of 1960, followed by a revival in the last quarter. Output appears also to have rallied in the last quarter in Czechoslovakia and Poland; but an opposite movement is discernible in Hungary (see Table 2).

The relative contributions of employment and productivity to the rates of industrial growth attained in 1960 differed widely from country to country (see Table 3). In Bulgaria the expansion was mainly due to increased employment, as in 1959. At the other extreme were eastern Germany and Poland, where the industrial labour force remained unchanged, though for different reasons. In the former country demographic factors have impeded the growth of employment for some years; [4] but in Poland the almost unchanged level of industrial employment during the last three years points to the remarkable success of the campaign for eliminating the previously large reserve of redundant labour in industry (and the plan for 1961 envisages an increase in employment of only 1 per cent).

As in Bulgaria, the annual plans for industry in Czechoslovakia, Rumania and the Soviet Union were exceeded owing to above-plan recruitment of labour. However, in the Soviet Union, where the transition to a seven-hour working day was completed in 1960 (see section 4 below), output per man/hour rose much faster than output per man (respectively by 10 per cent and 5 per cent in industry and by 11 per cent and 8 per cent in construction). Both employment and output per worker rose faster than planned in Hungary; but the

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[3] See the SURVEY for 1958, Chapter I, pp. 29-32.

[4] See the SURVEY for 1959, Chapter III, p. 9.

TABLE 1

Gross industrial output, 1958 to 1961 Plan

Percentage increases from the previous year

Country	All industry					Producers' goods					Consumers' goods				
	1958	1959	1960		1961 Plan	1958	1959	1960		1961 Plan	1958	1959	1960		1961 Plan
			Plan	Actual				Plan	Actual				Plan	Actual	
Albania	20.0	19.7	9.7	11.2	..	19.3	..	..	13.4	..	20.5	..	..	9.6	..
Bulgaria	15.0	20.5	15.2 [a]	13.4	7.8	16.8	25.5	18	..	10	13.5	16.2	13	..	5.2
Czechoslovakia	11.3	10.9	10.2	11.7	9.3	11.8	12.9	12	13.1	..	10.6	7.7	7.1	9.6	..
Eastern Germany [b]	11	12	8	8.3	7.2	12.1	14.2	..	8.7	..	9.8	9.4	3.4	..	..
Hungary [c]	12.8	10.8	8	12.5	8	18.4	12.7	9	14.3	9.5	6.8	7.8	6.2	9.5	5.3
Poland	9.9	9.2	7.6	10.9	7.7	9.1	13.2	7.9	11.5	8.9	10.8	4.9	7.2	10.3	6.4
Rumania	9.5	10.2	14	16.9	13.5	10.1	14.4	14.6	..	13.8	8.8	4.4	13	..	13
Soviet Union	10	11	8.1	10	8.8	11	12	8.8	11	9.5	7	10.3	6.4	7	6.9

Sources : Plan fulfilment reports, plans, statistical yearbooks and bulletins; *Rabotnichesko delo*, 23 December 1959 and 17 December 1960; *Plánované Hospodářství*, No. 12, 1960, p. 953; *Scînteia*, 1 November 1960; *Az ipar termelése es szerkezete (1949-1959)*, pp. 84-85.

NOTE. — Data cover state industry in Hungary and socialized industry in Albania and Rumania. In Poland data for 1958-1959 refer to total industry and those for 1960-1961 to socialized industry. In Bulgaria data for 1958 and 1959 cover total industry, but for the years 1960 and 1961 planned industry only. In the Soviet Union, the output of industry excludes industrial processing on collective farms. Index numbers are of values at current prices in eastern Germany and at constant prices in other countries (see also Appendix B).

[a] Original plan, revised downwards to 10.9 per cent during the year.

[b] " Producers' goods " refers to the basic and metal-using industries, and " consumers' goods " to the light and food industries.

[c] " Producers' goods " refers to heavy industry; " consumers' goods " to light industry, including food-processing.

TABLE 2

Gross industrial output in eastern Europe by quarters

Percentage increases: A: from the same quarter of the preceding year; B: from the preceding quarter

Country		1959				1960			
		First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter	Fourth quarter
Bulgaria	A	18.0	28.8	28.5	24.3	18.7	11.3	9.3	14.3
	B[a]	. .	. .	. .	. .	. .	−5.5	−3.0	3.9
Czechoslovakia	A	10.5	11.8	10.3	10.9	13.0	10.6	11.6	11.5
	B	−6.6	6.9	−4.1	16.5	−4.8	4.5	−3.8	16.5
Eastern Germany	A	11.2	14.8	16.5	9.1	11.7	7.5	5.6	8.4
	B	−5.9	8.3	3.9	3.1	−3.6	4,2	2.1	6.3
Hungary	A	4.6	12.3	13.6	16.7	18.4	13.6	11.7	8.2
	B	−19.1	8.3	6.7	11.2	−7.9	4.0	4.9	7.7
Poland	A	9.9	8.2	8.8	5.2	6.3	8.6	12.8	13.9
	B	−7.4	1.9	−3.4	15.3	−6.4	4.1	0.4	16.4
Rumania	A	6.6	10.9	11.1	16.0	19.2	16.9	17.3	. .
	B	−9.7	9.2	5.6	11.3	−7.2	7.1	6.0	. .

Sources: Plan fulfilment reports, quarterly and monthly statistical bulletins; ECE, *Statistical Indicators of Short Term Economic Changes in ECE Countries.*

NOTE. — For coverage see the note to Table 1; data for eastern Germany are at current prices.

[a] Data are not available for the year 1959 and first quarter of 1960 because of changes of coverage and prices.

unplanned employment increase contributed more to the increment of output than did the second factor.

The divergent rates of increase of productivity in eastern European countries may be ascribed partly to differences in the scope for improvement provided in each country by the level of technology and industrial organization.[5] Revisions of labour norms and a general tightening of labour discipline did much to increase effective labour input per worker employed in 1960, particularly in Czechoslovakia, Hungary, Poland and the Soviet Union. Equally important causes of higher output per man were further improvements in supplies of raw materials and fuel, resulting partly from expanded domestic output and partly from increased imports, especially in Hungary and Poland (see section 3). Efforts were made to overcome such institutional obstacles to technological progress as difficulties in changing the pattern of output in existing machine-building enterprises and the reluctance — stemming essentially from the lack of incentives — of managements of industrial enterprises to retool and modernize their equipment.[6]

The Pattern of Industrial Expansion

All the annual plans for 1960 foresaw a higher rate of expansion of producers' than of consumers' goods, although the differences were very small in Poland and Rumania. But by the end of the year plans for both sectors had generally been over-fulfilled by similar margins, indicating that there was no change in the policy pursued during the last few years of giving high priority to increasing supplies of goods directly contributing to living standards. In the Soviet Union, however, output of the food-processing branch rose by only 4 per cent in 1960, and the value of production of consumers' manufactures also rose by a smaller percentage than in the preceding year, with the result that the 10 per cent expansion of output of all consumers' goods in 1959 was not repeated in 1960. Food-processing branches expanded particularly fast in Albania,

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[5] In this connexion, a Czechoslovak source published the following table of comparative levels of industrial productivity: Czechoslovakia 100, Soviet Union 97, eastern Germany 95, Poland 80, Rumania 71, Hungary 49, Bulgaria 47 (see *Plánované Hospodářství*, No. 11, 1959, p. 869). The methods used in this calculation — apparently prepared by the Statistical Office of Czechoslovakia — are not known, but it seems that differences in industrial structure have not been standardized, which would affect the relative weighting of high- and low-productivity branches in different countries. This may explain the relatively low rating of Hungarian and high rating of Rumanian industry. For a similar attempt, made in Hungary, to compare productivity in some industrial branches in Hungary, Poland and the Soviet Union, see the SURVEY for 1959, Chapter II, p. 4.

[6] See the SURVEY for 1959, Chapter III, section 2, and the *Bulletin*, Vol. 12, No. 3, pp. 33-35. Among the measures introduced in the Soviet Union during 1960 was the grant to enterprises of Gosbank credits for the construction of premises to accommodate new equipment, for the conversion of power plants from solid fuels to oil and natural gas, and for the assembly of idle machines obtained from other enterprises (*Dengi i Kredit*, No. 9, 1960, p. 6). According to the census taken in April 1960, the value of unassembled equipment amounted to 19 billion roubles; of this total, the value of redundant equipment was 5 billion roubles, and that of equipment to be installed after 1962 more than 1 billion (*Planovoe khozyaistvo*, No. 9, 1960, p. 8).

TABLE 3

Industrial employment and productivity, 1958 to 1961 Plan

Percentage increase over previous year

Country	Employment					Output per man				
	1958	1959	1960		1961 Plan	1958	1959	1960		1961 Plan
			Plan	Actual				Plan	Actual	
Albania	..	..	1.6	1.4	..	..	..	8.0	9.7	..
Bulgaria	7.0	18.6	9.0	10.4	3.5	7.4	1.6	5.7	2.7	4.1
Czechoslovakia	3.6	3.5	2.7	4.5	2.6	7.4	7.1	7.3	6.9	6.5
Eastern Germany [a]	2.6	2.1	..	0.1	0.6	8.7	10	..	8.2	6.6
Hungary [b]	4.0	5.9	4.0	6.5	2.3	8.5	4.6	3.8	5.6	5.6
Poland [a]	1.0	1.4	0.7	0.1	1.1	8.4	7.6	7.0	10.9	6.4
Rumania [a]	6.0	3.0	2.7	5.3	4.1	5.7	7	11	11	9
Soviet Union	3.6	3.3	2.2	4.8	2.6	6	7.4	5.8	5	6

Sources : Statistical yearbooks, bulletins, plans and plan fulfilment reports; *Scînteia*, 1 November 1960.

NOTE. — For most countries employment data are derived from those on ndustrial output and output per man.

[a] Socialized industry.

[b] State industry.

Bulgaria (although the planned increase of 15 per cent was not attained), Poland and Rumania (see Table 4); the small increase (4 per cent) in the output of this branch in eastern Germany was accompanied by an almost negligible growth — by less than 3 per cent — of its light industry, which followed two years of impressive gains. Particularly good results were attained by the light industries of Hungary and Rumania (textiles output in the latter country increased by 17 per cent), in contrast with the virtually unchanged output of these branches in Albania and a relatively small expansion in Poland. Among consumers' durables, further gains were registered everywhere in the output of television sets and, to a lesser extent, of household appliances; but production of radios and bicycles in some countries has slowed down.[7]

The engineering, building materials, and chemicals branches continued in 1960 to develop almost everywhere at rates above the average for all industry and, by and large, similar patterns are foreseen in the plans for 1961. Compared with 1959, when an extraordinarily fast growth of output of building materials accompanied the marked acceleration of investment, the expansion of this industry slowed down greatly in 1960 in almost all countries. This slackening was partly a reflection of a planned deceleration of construction; but in eastern Germany and the Soviet Union it contributed to shortfalls on the investment plans, particularly in housebuilding (see section 4 below). In contrast, the chemicals and engineering branches generally achieved even better results than in 1959. Rapid growth in these branches, varying between 15 and 25 per cent among countries, was generally supported by improved supplies of raw materials and semi-finished goods, even though problems of distribution and of inter-enterprise co-ordination continued to hamper the smooth functioning of the economy in several countries. The supply of electric energy increased at rates at least equal to the average rate of industrial expansion everywhere except in Rumania and Hungary.

Of the two most industrialized economies of eastern Europe — Czechoslovakia and eastern Germany — the latter experienced a rather less smooth development in 1960. Although only the metal-working branches failed to meet their targets, these provide one-third of all industrial output and eastern German industry as a whole seems to have been handicapped by inadequate supplies of raw and semi-processed materials during most of the year; indeed, the tendency for the rate of growth to slow down was reversed only in the last quarter. Electricity generation rose by 8 per cent to exceed 40 billion kWh in 1960; but the plan appears to have been under-fulfilled and the power supply — which has doubled since 1950 — remains inadequate and will probably continue to be a brake on the expansion of a number of industries until the new capacities recently installed have been brought into full production.[8] New generating capacity installed in 1960 amounted to 556 MW, as against about 500 MW in 1959, but fell short of the 670 MW planned.

Metallurgical output in eastern Germany was reported to have reached its global target and the plans for pig-iron, rolled steel and steel products of the

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[7] See Appendix Table XIII.

[8] In the Cottbus area alone, power generated is to rise from 6.6 billion to 22.2 billion kWh between 1960 and 1965 (*Elektrie*, No. 10, 1960).

TABLE 4

Indicators of industrial activity by main branches, 1958 to 1961 Plan

Percentage increases from the previous year

Country and industrial branch	1958	1959	1960 Plan	1960 Actual	1961 Plan
Albania					
Oil (*product*)	12.3	11.5	..	25.8	..
Bitumen (*product*)	−17.3	32.0	..	5.6	..
Chrome (*product*)	20.7	23.9	..	15.8	..
Iron ore (*product*)	..	..	..	44.7	..
Electric power	20.0	19.0	..	16.5	6.2
Engineering	28.7	19.7	..	22.9	..
Building materials	1.7	..	..	18.2	45.5
Timber	28.8	..	..	11.9	4.5
Light industry	28.0	.. [a]	..	1.3	4
Food processing	14.8	22.6	..	15.9	4.6
Bulgaria					
Fuels	4.2	14.8	10.0 [b]	11.0	8
Electric power	14.3	29.6	18.5	21.0	17.0
Ferrous metallurgy	25.4	26.5	15.4 [b]	5.9	30.0
Non-ferrous metallurgy	19.4	29.6	23.0 [b]	18.5	8.3
Engineering and metal-using	23	43.2	21.0	23.9	13.6
Chemicals	16.8	46.8	34.0 [b]	17.7	15.0
Building materials	4.5	44.4	35.0 [b]	15.6	21.0
Timber and timber-processing	6.3	15.4	10.3	14.2	..
Cellulose and paper	8.9	21.3	..	11.9	..
Glass and china	18.0	25.6	..	25.7	34.7
Textiles	8.7	19.7	9.0	9.1	−3.3
Leather and footwear	18.1	13.8	8.4 [b]	−2.7	..
Food processing	15.5	7.4	15.0	11.1	8.5
Czechoslovakia					
Fuels	11.8	5.5	1.8	3.5	..
Electric power	10.3	12.6	13.3	14.4	..
Metallurgy	9.0	13.0	11.8	11.6	10.3
Engineering	15.6	16.1	15	16	.. [c]
Chemicals	10.0	16.0	12.0	14.2	11.4
Building materials	17.0	16.5	12.9	16.5	..
Food processing	6.6	5.3	5.5	6.7	7.2
Manufactured consumers' goods	11	7	6.4	8.2	5.5
Eastern Germany					
Basic industries	8.7	9.5	6.2	6.7	..
Metal-using industries	15.4	18.5	12.5	10.4	..
Light industry	10.9	12.3	2.8	2.9	..
Food processing	8.5	5.6	2.6	4	..
Hungary					
Mining	21.1	8.8	1.9	6.7	..
Electric power	23.0	12.7	7.6	9.2	9.3
Metallurgy	19.0	10.3	4.8	10.4	7.7
Engineering	18.0	14.7	13.6	19.2	10
Building materials	14.7	18.3	8.1	10.6	8.5
Chemicals	18.9	13.0	7.1	18.4	13
Light industry	10.8	7.4	8.6	14.3	6.4
Food processing	3.4	8.0	4.2	5.9	4.5
Poland					
Electric power	13.1	10.3	9	12	13.9
Fuels	1.5	5.4	..	6	2
Ferrous metallurgy	5.9	9.4	..	9	7.5
Engineering	10.3	13.3	..	16	13.5
Chemicals	19	18.8	14.1	20	15.9
Building materials	12.6	13.6	..	9	10.1
Wood processing	3.2	7.3	..	7	4.4
Textiles	10.1	9.4	..	5	4.2
Clothing	12.4	−8	..	3.5	2.6
Leather and footwear	10.7	6.7	..	2	−1.2
Food processing	8.7	3.2	..	9	5.2
Rumania					
Ferrous metallurgy	18.1	38.8	28	32	16.6
Engineering and metal-working	10.6	15.6	17	22	16
Chemicals (including rubber)	14.9	20.4	22	16	18 [d]
Textiles	8.0	1.8	..	17	..
Food processing	9.5	4.6	..	13	11
Soviet Union					
Fuel and power [e]	9.6	9	..	8	..
Ferrous and non-ferrous metallurgy	9	9	..	10	9
Engineering and metal-working	14	15	12	16	14
Chemicals and rubber	13	9	10	12	14.5
Building materials	21	23	..	18	..
Timber, paper and wood-processing	9	9	..	7	10 [f]
Manufactured consumers' goods	8	11	6	8	6.9
Food processing	6	13	..	4	7.7

Sources : Statistical yearbooks and bulletins, national plans and plan fulfilment reports; *Rabotnichesko delo*, 23 December 1959 and 17 December 1960.

NOTE. — For coverage see the note to Table 1; data for eastern Germany are at current prices.

[a] Textiles increased by 13.1 per cent and clothing by 18 per cent.

[b] These targets were revised downwards in the course of the year as follows: Fuels to 8 per cent, ferrous metallurgy 9, non-ferrous metallurgy 19, chemicals 21, building materials 12, leather and footwear 5.

[c] Heavy engineering is to increase by 14.1 per cent and general engineering by 11 per cent.

[d] Including cellulose and paper.

[e] In calories, excluding atomic energy; 1959 in value at 1955 prices.

[f] Wood-processing only.

second stage of processing were exceeded; but shortages of imported high-grade sheet steel and tubes were stated to have interrupted production in some industries. An important stage in the development of the chemicals industry was the putting into service of six new plants at the Buna chemical works.[9] The 1960 production plans for sulphuric acid, calcined soda, caustic soda, PVC powder and polyacrylonitrile were under-fulfilled, but output of the latter nevertheless increased by 18 per cent over 1959. Striking successes were achieved in the production of consumers' durables: the year's output of refrigerators, television sets and washing machines exceeded the aggregate output of the years 1955-1958 by 18,000, 33,000 and 10,000 units respectively. Many new production lines and processes were introduced into east German industry during 1960, when about 1,400 new products were manufactured.

Engineering, building materials and chemicals were again among the most rapidly developing branches in Czechoslovakia — apparently the only country besides Hungary in which the targets for the building materials industry as a whole were significantly exceeded in 1960, even though some goals for specific products (lime, bricks, tiles and prefabricated parts) were not attained. Output of chemicals increased by 14.2 per cent over the 1959 level (from 1956 to 1960 output rose by 90 per cent, and it is planned to double over the following five years). Lagging deliveries of machinery and equipment caused delays in the completion of some important construction projects (a crude-oil pipeline, and a rubber plant) and were debated at the special meeting of the Central Committee of the Czechoslovak Workers Party convened in December 1960 to discuss the role of chemistry in the development of the Czechoslovak economy. Output of steel rose by 10 per cent and of steel products considerably faster, but strained supplies of some raw and semi-processed materials prevented fulfilment of the plans of the metallurgical industries as a whole. Engineering production increased by a further 16 per cent, so that the share of this branch in gross industrial output rose to 33.7 per cent. The generally favourable development of industry in Czechoslovakia owed much to the expansion of supplies of electric power. Following the significant over-fulfilment of the 1956-1960 plan for the installation of new capacities (1,746 MW against 1,597 MW planned), electricity generation increased by a further 14 per cent in 1960.

In both Hungary and Poland supplies of fuels and power were satisfactory in 1960. In the former country, coal and petroleum production exceeded the plan, though electricity generation did not, and imports of primary fuels and electricity rose by 17 per cent and 53 per cent ,respectively. The performance of Hungarian industry was uniformly better than planned, and in some branches, such as engineering, chemicals and light industry, progress was even greater than in the good year 1959; the engineering industry earned more than three-fifths of the additional export receipts in 1960.

Production of hard coal in Poland for the first time exceeded 100 million tons. Output of chemicals increased in 1960 by a further 20 per cent to 115 per cent above the 1955 level. Expansion is planned to continue at almost the same rate and over a wide front, ranging from extraction of basic raw materials, such as sulphur, through semi-processed stages (oil refining, sulphuric acid, calcined and caustic soda) to the production of synthetic rubber, artificial fibres and plastics.

In Poland's rapidly expanding engineering industry, the electro-technical and transport-equipment branches were the most dynamic in 1960, with rates of increase of 23 and 20 per cent, following even higher rates in 1959. Production of agricultural machinery went up by 39 per cent, and that of shipbuilding (above 100 dead weight tons) by 36 per cent. Impressive progress was also registered in output of consumers' durables, although the ambitious plans for this branch were under-fulfilled. Another encouraging feature was the further contribution of engineering to export expansion indicated by the figures in Table 8 below. As a result of the over-fulfilment of industrial production plans in 1960, the gap between the raw materials base and the requirements of manufacturing industry widened. It was partly bridged by an increase in imports of raw and semi-processed materials by 11.7 per cent; and the share of the latter in total imports increased (see section 3).

Rumania achieved a faster expansion of industrial output in 1960 than the other two less industrialized countries of eastern Europe — Albania and Bulgaria. In Bulgaria the fall in the rate of growth in 1960 was particularly marked in ferrous metallurgy[10] and chemicals — in neither of which were the reduced targets met (see Table 4 and Appendix Table XIII). It is not clear why the original targets for 1960 were missed by so wide a margin; but one reason for their downward revision in the course of the year seems to have been a slower growth of imports than expected (9 per cent against 14 per cent planned). However, electricity generation and engineering expanded at higher rates than elsewhere; production of some non-ferrous metals, such as copper and zinc, reached significant proportions, and there were also important increases in output of fertilizers. An 18 per cent fall in the production of tiles reduced the overall output of the building materials industry. Production of canned vegetables, an important Bulgarian export, rose by more than 50 per cent, but that of canned fruit, wine and tobacco declined.

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[9] For details, see the *Bulletin*, Vol. 12, No. 3, pp. 30-31.

[10] Two open-hearth furnaces and one rolling-mill were installed in 1960, and it seems that the planned increase of 30 per cent in the output of ferrous metallurgy in 1961 will depend entirely on the full utilization of these capacities, which had little effect on output in 1960.

The rise in gross industrial output in Rumania by 17 per cent (the highest margin recorded in eastern Europe in 1960) was very largely due to higher output in the ferrous metallurgy and engineering branches, which jointly accounted for 40 per cent of the increment of total industrial output. As in the preceding year, the ferrous metallurgy branch achieved by far the fastest expansion (output of iron ore increased by 37 per cent, pig iron by 20 per cent, crude steel by 27 per cent, and rolled steel by 53 per cent); better utilization of existing capacities accounted for 50 per cent of the rise in steel output and 70 per cent of that in production of pig iron. Engineering and metal processing ranked second in respect of the rate of growth; the 22 per cent increase in output was higher than planned and a larger proportion was exported. In the fuel sector production of coal and crude oil continued to expand only very slowly (though the value of processed oil products per unit of crude oil increased by 7 per cent), whereas output of electricity and methane gas increased by 12-13 per cent. Production of textiles, after very slow rates of increase for some years, showed a remarkably large rise — of 17 per cent in 1960. This, together with much increased production of most consumers' durables, made possible an expansion in retail sales of non-food products by about 20 per cent during the year (see section 4).

Little information is available on developments in Albania in 1960. Industrial output increased by 11.2 per cent, largely owing to higher labour productivity (output per man rose by 9.7 per cent). Oil extraction expanded by 26 per cent and that of iron ore by 45 per cent. The engineering and building materials industries led the industrial expansion, with virtually no change in the output of light industry.

The pattern of industrial growth in the Soviet Union in 1960 followed the priorities established in the Seven-year Plan. The building materials, engineering, and chemicals branches were in the vanguard of expansion, with percentage rates of growth of 18, 16 and 12 respectively. In the production of fuels, the shift from coal towards oil and gas continued; output of crude oil reached nearly 148 million tons and that of natural gas increased by 27 per cent (though still about 10 per cent below the annual target) so that the share of oil and gas in total fuel production increased to 38.2 per cent. Although the total amount of coal mined was almost stationary at 513 million tons (the 1961 plan foresees a small decline), output of coking coal increased by 9 per cent.[11]

Among building materials, output of prefabricated concrete wall blocks, panels and structural units continued to expand rapidly in the Soviet Union; and, among engineering products, output of turbines, generators, agricultural machinery and chemicals equipment grew faster than the branch average. Although the rate of expansion of chemicals production is still less than the average rate foreseen in the Seven-year Plan,[12] output of some chemical products rose faster than the branch average — synthetic resins and plastics by 13 per cent, and artificial and synthetic fibres by 18 per cent. Among consumers' goods, output of household appliances continued to expand fast: nearly one million washing machines were produced — an increase of 32 per cent — and output of refrigerators rose by 24 per cent, to exceed 500,000 units; however, the targets for both products were rather more optimistic. The food industry raised its output by only 4 per cent, owing to lagging supplies of agricultural products, particularly those of animal origin.[13]

Many enterprises are reported to have failed to reach their planned targets for the value of gross output, for assortment of products, for cutting of production costs, and for raising labour productivity.[14] The most frequent complaints have been of lack of coordination between enterprises, with resultant delays in deliveries and irregularities of production, and of the insufficient attention paid to the assortment and quality of goods, particularly in the branches producing directly for the consumer.[15]

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[11] Plans for the installation of new mining and enrichment capacities for coking coal were, however, under-fulfilled in 1959 and 1960, particularly in the *sovnarkhozy* of Stalinsk, Lugansk, Karaganda and Kemerovsk (*Ekonomicheskaya gazeta*, 1 February 1961).

[12] Some acceleration of the expansion of output of chemicals is incorporated in the 1961 plan; the output of the branch is to increase over the year by 14.5 per cent, that of synthetic resins and plastics by 32 per cent, of artificial fibres by 20 per cent, and of synthetic rubber by 33 per cent.

[13] It has been stressed again that slaughter-houses cannot cope with the deliveries of livestock and that construction of slaughter-houses and of facilities for refrigeration is inadequate for the needs of the meat industry (*Ekonomicheskaya gazeta*, 23 October 1960). Consequently, meat output by state industry is subject to violent seasonal fluctuations, for example, from 5,600 tons per 24 hours in April 1959 to 19,800 tons in October (*Sovetskaya torgovlya*, No. 11, 1960, pp. 21-24).

[14] In 1959 the following percentages of all *sovnarkhoz* enterprises failed to attain their annual plans: for global output — 11 per cent, for labour productivity — 18 per cent, for cost reduction — 21 per cent, and for profits — 27 per cent (*Voprosy ekonomiki*, No. 11, 1960, p. 37).

[15] These, and other outstanding problems of economic development in the Soviet Union, were discussed at the July 1960 plenary session of the Central Committee of the Communist Party, where a number of remedies were suggested. For a summary of this meeting, see the *Bulletin*, Vol. 12, No. 3, pp. 33-36.

2. THE LEVEL AND STRUCTURE OF INVESTMENT

After a year of spectacular increases in the volume of expenditure on fixed investment in most eastern European countries, there was a marked deceleration in 1960 everywhere except in Rumania. Although some slackening of the investment drive had generally been foreseen in the annual plans, performance nevertheless fell short of the target in Bulgaria, eastern Germany, Rumania and the Soviet Union. However, the increases were everywhere significant, except probably in Albania, where state investment outlays appear to have been about 7 per cent less than in 1959. Everywhere except in Albania outlays rose faster than national income, thus continuing the trend of the preceding two or three years, although with a much narrower margin of difference in all countries except Bulgaria, Rumania and the Soviet Union (see Table 5). A continuing tendency for industrial and commercial stocks to rise faster than national income (Bulgaria and Hungary were exceptions) seems to have further raised the share of accumulation in total national expenditure in most countries.[16]

In the three countries where the slackening of the rate of expansion of investment in 1960 was most significant — Bulgaria, Hungary and Poland — this seems to have been associated with a much smaller percentage increase of imports of machinery and equipment than in 1959, and exports of machinery were stepped up in Hungary and Poland by 23-24 per cent (see Table 8 below).[17]

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[16] The contributions of other elements of "accumulation", not covered by the concept of "investment outlays", are not published for most countries. However, expenditure on capital repairs has probably tended to increase rather rapidly during the last few years, whereas the increment in the value of livestock has not kept pace with the rate of expansion of national income.

[17] Precise data on Bulgarian imports of equipment in 1960 are not yet available; but it is clear that the 88 per cent expansion in 1959 was not repeated.

TABLE 5

Rates of growth of national income and of investment outlays, 1958 to 1961 Plan

Percentage increases from previous year

Country		1958	1959	1960		1961 Plan
				Plan	Actual	
Albania	National income	6.3	ca 20 [*]	18	3	..
	State investment	50	14	−8.5 [a]	−6.5 [*]	..
Bulgaria	National income	6.8	21.6	21.5	7	11.6
	Centrally-planned investment	14.5	47.9	24	21.2	5.0
Czechoslovakia	National income	8	6	6 [b]	8.8	..
	Investment	13.7	19.6	10.8	12.6	7.9
Eastern Germany	National income	11	8.5	..	..	..
	Investment	13	16	14.5	9.0	8.9
Hungary	National income	6	7	9	5–6 [d]	7
	State and co-operative investment	23	41	7 [c]	11 [d]	−12 [e]
Poland	National income	5.4	5.6	5.7	5	5
	Investment	10.7	17.2	4.3 [c]	6.5	9.2
Rumania	National income	3.4	13.1	12.5	8	15
	Investment in the socialist sector [f]	10.9	16.9	34	26.4	24
Soviet Union	National income	12.5	8	9	8	9
	State investment under central plan	8	11	13.5	..	12.5
	State and co-operative investment [g]	14	12	..	11.5	..

Sources : Statistical yearbooks, plans and plan fulfilment reports; direct communication from the eastern German authorities; *Rabotnichesko delo*, 17-24 December 1959 and 17-26 December 1960; *Statistické zprávy*, No. 8, 1960, p. 213; *Rudé Právo*, 19 January 1961; *Hospodářské noviny*, No. 33, 1960.

NOTE. — Except for eastern Germany, national income data are at constant prices.

[a] Revised plan.

[b] It seems that the plan was revised upwards to 8.3 per cent in the course of the year.

[c] Plan values related to the actual values of 1959, which may understate the percentage increase foreseen, since the plan was prepared before full results for 1959 were known.

[d] Derived from the report on the fulfilment of the 1958-1960 Plan.

[e] Only −6 in comparison with 1959 results expected at the time of drafting the plan.

[f] Excluding investment self-financed by collective farms.

[g] Excluding collective farms.

Moreover, as was mentioned in the preceding section, supplies of building materials rose more slowly than in 1959 in a number of countries, and not always fast enough to permit the fulfilment of construction plans. In some countries shortages were aggravated by a tendency to disperse resources over too large a number of projects; [13] and priority lists of investment projects are now being drawn up by some planning authorities in an attempt to check this tendency, which has been associated with the decentralization of investment decisions and programmes in the past also.

Investment in Eastern Europe

In eastern Europe, the most rapid investment expansions were registered in two of the least industrialized countries — Bulgaria (for centrally-planned investment) and Rumania — where rises exceeding 20 per cent in 1960 followed on steep increases in the preceding years. However, the trend is towards a deceleration in Bulgaria, and the 5 per cent increment of centrally-planned investment foreseen in 1961 is in marked contrast with the 48 per cent rise in 1959, when peasant labour was mobilized on a large scale for irrigation and other projects in agriculture (see also Chapter VI). According to the plan fulfilment report, a 6.4 per cent short-fall on centrally-planned investment for 1960 was unevenly divided between construction (4.2 per cent) and equipment (9.7 per cent); and it seems that, although centrally-planned outlays nevertheless rose by 21 per cent, a slow expansion of other fixed investment and a decline in stocks have prevented an increase in the share of total accumulation in national income. This share (about 30 per cent in 1960) is planned to decline again to 26 per cent in 1961, partly as a consequence of a faster increase of national income than of centrally-planned investment and partly reflecting a further fall in stocks.[19]

As can be seen from the figures in Table 6, investment in Bulgarian industry rose less fast than the centrally-planned total in 1960—for the third successive year. As in 1959, the shares of agriculture and dwelling construction increased; but a striking change is foreseen in 1961, when industrial investment is planned to expand much faster than the total, while centrally-planned outlays on agriculture and building will actually decline by 36 per cent and 26 per cent respectively. Total agricultural investment is also planned to decline, by about 10 per cent below the 1960 planned figure.

No details are available on the fulfilment of the industrial investment plan by branches in 1960; but it may be assumed to have been fairly exact, since the planned overall level of outlays was nearly reached and there was no change in industrial priorities in the course of the year:

Industrial investment in Bulgaria in 1960

Percentages

	1959 Actual	*1960 Plan*	*1961 Plan*
Total centrally-planned industrial investment	100.0	100.0	100.0
of which :			
Electricity	14.6	15.4	13.9
Metallurgy	22.8	13.6	24.5
Metal-using	8.5	9.6	7.8
Chemicals	4.5	4.3	12.0
Others	49.6	57.1	41.8

Sources : Statistical yearbooks; and *Rabotnichesko delo*, 22 and 26 December 1959 and 21 December 1960.

The 1961 plan gives a higher priority than ever before in Bulgaria to investment in the chemicals industry, and re-establishes the earlier priority for metallurgy,[20] largely at the expense of light industry. Construction of several big plants is to be started in 1961, including an oil refinery with an eventual capacity of 2 million tons, and a briquetting plant of 1.8 million tons capacity. At the same time, the capacities of some existing enterprises are to be extended: that of the " Lonia " steel works is to be doubled—from 300,000 to 600,000 tons—and that of the Plovdiv lead-zinc works is ultimately to reach 40,000 tons of lead, 30,000 tons of zinc and 60,000 tons of sulphuric acid.

The 26 per cent increase in investment outlays (in the socialist sector) in Rumania in 1960 represents an accelerating expansion; and the investment plan for 1961 provides for an increase of the same order. The share of accumulation in national income — planned to reach about one-fifth in 1960 — was probably higher than in 1959. Although investment outlays rose as fast in 1960, they were 6 per cent less than planned; and this was ascribed to deficiencies in technical documentation provided to work sites and to delays in deliveries of both imported and home-produced equipment.

In contrast with developments in the two preceding years, industrial investment outlays in Rumania in 1960 rose faster than total investment in the socialist sector, and state-financed housing also received a larger share of the investment cake, while the share of agriculture [21] and socio-cultural investment declined (see Table 6). The fuel and power branches continued to absorb an important share of total industrial invest-

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[13] See the *Bulletin*, Vol. 12, No. 3, pp. 42-44.

[19] For instance, the output of the textile industry is planned to decline by 3.3 per cent, but sales of textiles to the population will go up by 8.7 per cent for cottons, 3.7 per cent for woollens, and 15.4 per cent for silk.

[20] See Chapter VI, Table 13, and the subsequent discussion.

[21] The data for agriculture exclude, however, investment self-financed by collective farms.

TABLE 6

Sector distribution of investment outlays in Bulgaria, Hungary, Poland, Rumania and the Soviet Union, 1959 to 1961 Plan

Country and sector	Percentages				Percentage increase from previous year		
	1959	1960 Plan	1960 Actual	1961 Plan	1959	1960	1961 Plan
Bulgaria							
Centrally planned investment	100	100	100	100	48	21	5.0
of which :							
Industry	59	57	57	65	44	19	18
Agriculture and forestry	12	16	15	10	77	59	−36
Transport and communications	11	10	10	11	29	12	15
Housing and other building	18	17	13	9	61	24	−21
Other			5	5			
Hungary							
State financed and co-operative investment	100	100	100	100	41	11	−12
of which :							
Industry	44	42	44	49	35	13	−2
Agriculture	18	21	22	17	108	32	−32
Transport	12	13	14	8	50	−4	−12
Trade	5			6	40		
Housing	9	24	10	8	16	21	−29
Social institutions, local development and administration	12		10	12	15	−10	3
Poland							
Total	100	100	100	100	17	6.5	9
Productive investment	67	68	68	70	17	8	11
of which :							
Industry	40	39	39	41	17	4	12
Construction enterprises	3	3	3	2	22	20	−7
Agriculture and forestry	12	14	13	13	7	14	15
Transport and communications	9	9	10	12	25	16	16
Trade	3	3	3	2	35	3	−14
Non-productive investment	33	32	32	30	17	3	5
of which :							
Communal economy	5	4	5	4	37	2	5
Housing	20	19	19	18	10	—	3
Other	8	9	8	8	..	..	..
Rumania							
Total investment in socialist sector	100	100	100	100	17	26	24
of which :							
Industry	51	..	52	..	9	29	..
Agriculture	18	..	15	14	31	10	17
Social-cultural investment	5	..	4	4	19	11	19
Housing	6	..	7	..	10	50	..
Soviet Union							
Centrally planned investment	..	..	..	..	11	..[a]	12.5
of which :							
Oil and gas	..	..	..	..	14	10	16
Electric power	..	..	..	..	4	4	25[b]
Metallurgy	..	..	..	..	22	12	31[c]
Engineering	..	..	..	..	39	23	40
Chemicals	..	..	..	..	59	33	42
Timber, paper and woodworking industries	..	..	..	..	17	6	..
Light and food industries	..	..	..	..	34	15	54[d]
Transport	..	..	..	..	12	12	..

Sources : Statistical yearbooks, plans, plan fulfilment reports; *Rabotnichesko delo*, 17 December 1960; *Figyelö*, 3 January 1961; *Statisztikai évkönyv, 1959*, pp. 54-55; *Népszabadság*, 1 and 29 January 1961.

[a] Investment outlays by state and co-operatives (excluding collective farms) increased by 11.5 per cent.

[b] All energy-producing branches.

[c] Ferrous metallurgy only.

[d] Light industry only.

ment; but the 1961 plan foresees a further shift in the pattern, away from these branches and towards metallurgy and engineering:

Percentage of total industrial investment (socialist sector only)

	1960		1961
	Plan	Actual	Plan
Metallurgy and engineering	19	21	24
Fuels and power	39	37	33
Chemicals, cellulose and paper	21	20	20

The 11 per cent increase in state and co-operative investment outlays in Hungary represents an overfulfilment of the original plan (which implied a 7 per cent increase over 1959) but a considerable slackening of the 1959 rate of expansion (see Table 5).[22] This slackening occurred, however, entirely in the second half of the year: [23]

State and co-operative investment outlays in Hungary

	1959	1960	Percentage change
	Billions of forints		
First half-year	8 736	12 738	+45.8
Second half-year	22 635	22 162	−2.1
Year	31 371	34 900	+11.2

The launching of new projects was practically halted in the second half of the year, and replaced by efforts to complete those under way; and this restraint is expected to continue into 1961, reducing outlays in that year by 12 per cent below the 1960 level.[24] Balance-of-payments strains appear to be a major reason for this restraint of investment. The reduction of expenditures — compared with the previous years' level — in the second half of 1960 was accompanied by an over-plan rise of exports of machinery and equipment and a fall of imports below the plan, which raised the export surplus of such goods from $12 million in the first six months to $70 million in the second. The 1961 plan foresees a reduction of outlays on machinery within total investment from 14.3 to 11.6 billion forints (at 1960 prices), and of their share in the total from 38 per cent in 1959 and 41 per cent in 1960 to 37½ per cent in 1961. This should permit a further very substantial rise of net exports of machinery and equipment in 1961 (by some $180 million).

The sector distribution of Hungarian investment in 1960 continued to change in favour of agriculture — largely to strengthen the new co-operative farms — at the expense of sectors other than industry, and particularly of transport, trade and social and administrative services (see Table 6). In 1961, however, it is planned to reduce the share of agriculture in total outlays to about that of 1959 and to cut the volume of such investment by nearly one-third. State-financed housing activity also is intended to be cut back substantially; but industry will be spared all but a minor reduction from the 1960 level, so that its share in the total will rise from 44 per cent in each of the last two years to 49 per cent. Within industry a considerable change in priorities is apparent, with the processing branches receiving only one-third of the total allocations (compared with 40 per cent in 1959 and 42 per cent originally planned for 1960) and the basic industries 67 per cent.

The restraint of investment imposed in Poland in the later months of 1959 was gradually relaxed again during 1960, and outlays rose by 6.5 per cent — somewhat faster than foreseen by the plan but at much below the 1959 rate. Investment in stocks rose faster, and the share of accumulation in national income went up from 25.6 per cent in 1959 to 26.7 per cent. The share of stock-building is planned to decline in 1961 and the share of total accumulation should then return to the 1959 level.

The slackening of the investment expansion in Poland was reflected in a slower rise of construction and of the output of building materials. But, at least in the former sector, performance was better than planned and, on the whole, supplies of building materials were considerably easier than in the first half of 1959.

Whereas non-productive investment (mainly housing and communal construction) rose as fast as productive investment in 1959 in Poland, the former increased by a mere 3 per cent in 1960 — housing outlays remaining at the 1959 level — and productive investment by 8 per cent. The 1961 plan foresees an increase in this latter sector by 11 per cent against a 5 per cent rise in non-productive expenditure.[25] The most rapidly increasing allocations in 1960 were those to construction enterprises, agriculture and transport; but in 1961 the outlays for industry, agriculture and transport are planned to rise fastest, while investment in construction enterprises and trade will be reduced. The development of the " agricultural circles " is, of course, closely linked with the plans for a continuing relatively high level of investment in agriculture compared with the past. In industry, the largest increases are planned for ferrous metallurgy (by about 28 per cent), electric power (by 25 per cent) and fuels (by about 17 per cent).

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[22] No plan fulfilment report for 1960 has been published, so that the data in Table 5 had to be deduced from the report on the fulfilment of the 1958-1960 plan and known increases in investment in the two earlier years. However, the figures in the table, and those in Table 6, may give a somewhat distorted picture of the phasing of the volume of investment during the three-year plan period. The change of practice in pricing imported machinery in 1958 seems to have been such as to raise apparent outlays in that year at constant prices by 5-6 per cent above their true level (SURVEY for 1959, Appendix B, p. 5); and the 41 per cent increase in outlays at constant prices in 1959 shown in Table 5 implies a price rise of not more than 63 per cent following the price reforms of 1 January 1959, whereas the plan and budget for that year were based upon the assumption of a rise of the investment-price index by 73 per cent (see *Közgazdasági szemle, 1959*, No. 7, p. 729).

[23] The rapid expansion of the first half-year seems, meanwhile, to have impelled an upward revision of the original plan — to a level implying a 21 per cent rise over the 1959 level of outlays (see the *Bulletin*, Vol. 12, No. 3, pp. 43-44).

[24] But by only 6 per cent below the level estimated for 1960 when the plan was drawn up.

[25] For revisions of the investment targets of the 1961-1965 plans of Poland and Czechoslovakia, see section 5 below.

With the fulfilment of the 1960 investment plan, the aggregate volume of investment under the 1956-1960 plan in Poland amounted to 307.3 billion zlotys (in 1956 prices) and exceeded the target by about 2 per cent. Its composition differed from that of the plan in that non-productive outlays absorbed a larger share of total investment than had originally been intended, through over-spending on housing (a plan for construction of 1.2 million rooms in urban areas was just reached); and within productive investment, industry absorbed more than foreseen and agriculture significantly less, despite the acceleration of outlays in this sector from 1958 to 1960.

Structure of investment in Poland, 1956-1960

Percentages

	Plan	*Actual*
Total	100.0	100.0
Productive investment	70.5	68.8
of which : Industry	39.7	41.7
Agriculture	18.4	12 *
Non-productive investment	29.5	31.2
of which : Housing	16.2	18.6

Sources : Plan and plan fulfilment report.

Both in Czechoslovakia and eastern Germany investment rose more slowly in 1960 than during the preceding two years, but the 1960 plan was exceeded in the former country and under-fulfilled in the latter. In Czechoslovakia, the plan for decentralized state investment was again over-fulfilled (by some 9 per cent), whereas centrally-planned state investment was about 6 per cent below plan, so that the expected fall in the share of decentralized investment (from 61.2 per cent of the total in 1959 to 58 per cent in 1960) did not materialize. The short-fall of centrally-planned investment reflected delays in completion of such large projects as the international oil pipeline, coke furnaces in Kunčice and ironworks in Vítkovice and eastern Slovakia. Although output of building materials increased faster than planned, shortages of some materials appeared, as mentioned in section 1.[26]

No sector breakdown of investment outlays has been published in Czechoslovakia, but co-operative investment rose by 28 per cent, against an increase of 10 per cent in state investment, indicating an acceleration of investment in agriculture; and the share of co-operative farms in total investment increased from 10.2 per cent in 1958 to 12.0 per cent in 1960.

The 9 per cent rise of investment outlays in eastern Germany in 1960 was significantly below the 14.5 per cent planned and below the 16 per cent rise in 1959 (also less than planned). Thus the average annual increase in investment during the first two years of the Seven-year Plan was less than DM 15 billion, rather than the roughly DM 20 billion implied in the planned aggregate of DM 142 billion for the whole period. The 1960 short-fall seems to have been concentrated mainly in housebuilding (see section 4 below), investment in industry increasing by 15 per cent, in agriculture by 7 per cent, and in education by 12 per cent. In connexion with the accelerated collectivization drive, it was decided early in the year that agricultural building needs should be given top priority, even if this entailed postponement of some industrial projects; and in the course of the year 429,000 cattle sheds and 812,000 pigsties were built, repaired or converted. But even this programme apparently lagged behind the plan, partly because insufficient attention was given to the conversion of old structures and to the utilization of local reserves of building materials.[27] Management deficiencies and delays in deliveries of building materials loomed large among the factors held responsible for the general difficulties in construction,[28] which increased by 11 per cent after the 23 per cent rise of 1959. No details have yet been published of the sector distribution of investment in 1960 or of 1961 investment plans.

Investment in the Soviet Union in 1960

In the Soviet Union the volume of state and co-operative investment outlays (outside collective farms) increased by 11.5 per cent in 1960 — a rate similar to that attained in 1959 and not inconsistent with the pace of expansion implied in the Seven-year Plan. Whereas annual targets for building and assembly work were almost attained,[29] expenditure on machinery and equipment fell short of the plan by around 5 per cent. Over the whole economy, contracting enterprises exceeded their plans and achieved a 15 per cent increase in the volume of work; but the plan fulfilment report again noted familiar shortcomings in the organization of construction — that resources tend to be dispersed over too large a number of projects, the volume of uncompleted projects is growing, construction machinery available on sites is not fully utilized [30] and plans for cost reduction are not carried out. Moreover, it is now considered that a larger production of cement than originally foreseen will be required to meet the investment programme of the remaining years of the Seven-year Plan, and the 1965 target output has been increased from 75-81 million tons to 84.6 million.[31]

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[26] In connexion with the reorganization of the building industry on 1 July 1960, local councils are now controlling 61 per cent of all capacity of building enterprises.

[27] *Bauzeitung*, No. 20, 1960, p. 461.

[28] See the *Bulletin*, Vol. 12, No. 3, p. 43.

[29] Since the housebuilding programme, expressed in physical quantities, fell short of the plan by around 15 per cent (see section 4), it would seem to follow that construction plans in productive sectors were considerably exceeded; but it is in fact more likely that, while expenditure on housing was around the planned level, the physical volume of housing construction failed to meet expectations as a result of non-fulfilment of plans for cost reductions.

However, the magnitude of the expansion of industrial capacity in 1960 is indicated by, *inter alia*, the completion of more than one thousand big new plants; among these a blast furnace at Krivoi Rog, claimed to be the biggest in the world, and nine hydro-turbines at the Stalingrad hydro-electric station, which brings its total capacity to 2,415 thousand kWh. In the course of the year, around 6,000 kilometres of gas and oil pipelines were installed.[32]

Although information on the sector and branch distribution of investment outlays continues to be sparse, the data in Table 6 indicate some shifts in the pattern since 1959. Within overall increases about the same in the two years, almost all industrial branches listed show smaller increases in 1960 than in 1959, this deceleration being most pronounced for chemicals, the light and food industries, and engineering; by implication, the remaining branches and sectors — such as coal mining, building materials and housing — must have expanded investment faster in 1960 than in 1959.[33] Investment was significantly below the target rates in several branches — engineering and the oil and gas industries. In 1961, outlays in the electric power and metallurgical branches should be stepped up, and an unprecedented leap in investment in the light industries is planned — by 54 per cent. State investment in agriculture is planned to rise more slowly than in 1960 (by 12.5 per cent against 19 per cent), but this target may well be revised upwards following the discussions at the January 1961 session of the Central Committee of the Communist Party, reviewed in section 5.

More than half of total investment in the Soviet Union in 1961 will be allocated to the eastern regions; and already 45 per cent of the increment in steel production, 48 per cent in rolled steel, 49 per cent in electricity, 36 per cent in cement, and 50 per cent in cotton and silk fabrics, will be produced in those parts of the country.[34]

One feature of investment planning in 1961 is the establishment of a priority list of 434 projects. In contrast to previous practices, investment outlays for these projects have been allocated to cover the whole construction period in order to ensure an uninterrupted supply of the required resources.

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[30] According to *Ekonomicheskaya gazeta*, 3 March 1961, construction machinery is employed on the average during 20-27 per cent of calendar time, and 50-56 per cent of working time.

[31] *Pravda*, 4 March 1961.

[32] *Ekonomicheskaya gazeta*, 17 February 1961. The annual plan fulfilment report mentions 4,700 kilometres of gas pipelines alone.

[33] In 1959, investment in some, at least, of the branches not separately reported must have declined.

[34] *Pravda*, 21 December 1960. For a review of regional development policies in the Soviet Union, see the SURVEY for 1959, Chapter IV.

3. EXTERNAL TRADE

Turnover in 1960

The rate of growth of external trade slackened noticeably in 1960 in the Soviet Union and eastern Germany, though even in these two countries turnover increased by 5-6 per cent. Elsewhere the increases were in the 12-18 per cent range, except in Rumania where turnover rose by one-third. Albanian exports rose by 42 per cent but data on imports are not available.

As can be seen from the figures in Table 7, Rumania is the one eastern European country which seems not to have participated, until 1960, in the general rise in the import content of output in the area during the last four years. In the other eastern European countries shown in the table, 1957 and 1959 were the years of most rapid import expansion: the special efforts made to raise imports into Bulgaria, eastern Germany, Hungary and Poland in 1957 — matched to a considerable extent by larger Soviet exports and credit — were followed by a smaller expansion (or in Hungary even a reduction) of their imports in 1958. Rapidly rising export earnings in 1958 and/or 1959 in all countries permitted a second upsurge of imports in the latter year; but in 1960 it seems that the exhaustion of old credits and the rising burden of debt repayments may have contributed to the slower rise of imports into Bulgaria, eastern Germany and Poland. Hungary was the only country, of those shown in the table, which was able to supplement the growth of domestic output by increasing its trade deficit in 1960 (though the situation of eastern Germany is uncertain).

The Commodity Structure

Details of the commodity structure of trade are available for only a few countries (see Table 8). By checking the rise of imports of foodstuffs and reducing those of consumers' manufactures, Poland was able to expand imports of fuels and raw materials by 12 per cent and of equipment by 4 per cent. In Hungary, the pattern of growth was more even: it was again possible to increase machinery imports very steeply (by 28 per

TABLE 7

External trade, 1957 to 1961 Plan

Values in millions of current dollars and percentage increases in value or (in italics) in volume, from previous year

	Values				Percentage increase					
	Actual			Plan	Actual				Plan	
	1958	1959	1960	1961	1957	1958	1959	1960	1960	1961
Bulgaria										
Exports	373	467	580	645	*22.3*	*1.3*	*26.9*	24.2	*19.0*	*11.1*
Imports	367	580	632	646	*32.7*	*12.6*	*68.0*	9.0	*14.0*	*6.7* [a]
Balance	6	−113	−52	−1	—	—	—	—	—	—
Czechoslovakia										
Exports	1 513	1 785	1 994	2 189	*0.6*	*12.4*	*17.4*	11.7	*10.0*	*9.8*
Imports	1 357	1 602	1 816	1 994	*17.8*	*7.1*	*18.3*	13.3	*9.0*	*9.8*
Balance	156	183	178	195	—	—	—	—	—	—
Eastern Germany										
Exports	1 890	2 121	4 360	2 156	28.7	4.4	12.3	6	*10.0*	5.4
Imports	1 680	1 992		2 259	21.1	4.0	18.6			4.1
Balance	210	119	..	−103	—	—	—	—	—	—
Hungary										
Exports	684	766	866	..	0.2	40.1	12.1	13.0	*12.8*	*17.0* [b]
Imports	631	790	960	..	41.8	−7.5	25.1	21.6	*19.8*	*8.6* [b]
Balance	53	−24	−94	..	—	—	—	—	—	—
Poland										
Exports	1 059	1 145	1 326	1 461	*−9.1*	*27.5*	*11.0*	*18.0*	*8.6*	*10.2*
Imports	1 227	1 420	1 495	1 612	*16.8*	*6.7*	*14.0*	*7.0*	*2.0*	*7.8*
Balance	−168	−275	−169	−151	—	—	—	—	—	—
Rumania										
Exports	468	523	1 139	1 264	7	5.0	11.3	33.0	*24*	*11.0*
Imports	482	502					4.0			
Balance	−14	21	Surplus	..	—	—	—	—	—	—
Soviet Union										
Exports	4 298	5 441	11 040	11 758	*19.5*	*2.7*	*31.8*	5.0	*5.5*	*6.5*
Imports	4 350	5 073			*7.1*	*19.6*	*20.7*			
Balance	−52	368	Surplus	Surplus	—	—	—	—	—	—

Sources: National statistics, plans and plan fulfilment reports, ECE *Short Term Indicators*; *Vneshna Trgovia* No. 1, 1960, p. 2; *Rabotnichesko delo*, 17 December 1960; *ADN*, 12 May 1960 (for 1960 Plan); *Rudé Právo*, 19 January 1961; *Figyelő*, 3 January 1961; *Izvestia*, 21 December 1960 (for 1961 Plan).

[a] *Rabotnichesko delo*, 17 December 1960. However, the absolute figure quoted by the Minister of Planning implies an increase of only 2.4 per cent over the actual 1960 value.

[b] Provisional.

cent) and imports of fuels and materials by nearly one-fifth, while imports of consumers' goods rose even faster. But in both these countries consumers' manufactures still provide only 5 per cent of total imports ; and in Czechoslovakia, where imports of such goods rose by one-third, their share in the 1960 total was only 3 per cent. Thus while trade in machinery and equipment has continued to expand very fast [35] international division of labour in the field of consumers' manufactures has still not proceeded very far.

Among the major commodity flows, imports of crude petroleum into Czechoslovakia rose by 28 per cent compared with 2 per cent for hard coal, thus continuing the change in the pattern of fuel consumption that had started earlier in that country. Imports of crude and fuel oil similarly rose by 18 and 16 per cent, respectively, in Hungary and of coal by 17 per cent; and fuel oil imports rose by 8 per cent in Poland [36] and 20 per cent in Bulgaria. Increasing mechanization of agriculture, and in Czechoslovakia private motoring, are among the factors influencing the rise in imports of petroleum and its products in all these countries, though industrial use is far more important. Imports of cotton into Bulgaria, Hungary and Poland rose by 20-30 per cent — apparently reflecting stock changes more than the trend of output of cotton textiles.

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[35] Data on the commodity distribution of Soviet trade in 1960 are still very incomplete; but exports of machinery and equipment rose by 47 per cent in 1959 and imports by 27 per cent.

[36] Data for 11 months only.

TABLE 8

External trade by main regions and commodity groups, 1958 to 1960

Percentage increases in values at current prices and percentage shares

Country and commodity group or area	Exports						Imports					
	Value in million dollars	Percentage increase in value			Percentage share		Value in million dollars	Percentage increase in value			Percentage share	
	1960	1958	1959	1960	1959	1960	1960	1958	1959	1960	1959	1960
Bulgaria												
Machinery and equipment	82	12.0 [a]	94.4 [a]	34.2	12.0	14.2	..	35.0 [a]	88.0 [a]	..	37.2	..
Others	498	0.4 [a]	21.1 [a]	..	88.0	85.8	..	4.0 [a]	58.0 [a]	..	62.8	..
Total	580	1.3 [a]	26.9 [a]	24.2	100.0	100.0	632	12.6 [a]	68.0 [a]	9.0	100.0	100.0
Czechoslovakia												
Machinery	889	18.3	16.0	16.8	44.1	44.6	392	−2.5	28.5	20.4	20.3	21.6
Fuel and raw materials	588	−0.4	6.7	17.0	29.1	29.5	964	−0.8	14.3	13.6	53.0	53.1
Manufactured consumers' goods	407	18.0	26.1	15.9	20.3	20.4	60	−14.2	−3.9	33.1	2.8	3.3
Foodstuffs [d]	110	13.8	4.3	−2.3	6.5	5.5	400	−2.8	21.8	4.4	23.9	22.0
Total	1 994	11.4	14.1	11.7	100.0	100.0	1 816	−2.1	18.1	13.3	100.0	100.0
of which : Soviet Union	1 386	24.9	18.2	10.8	34.0	69.5	1 289	−15.6	32.3	12.2	37.3	71.0
Other socialist countries [c]		16.8	16.3		38.3			15.8	10.1		34.7	
Other countries	608	−5.3	6.9	13.9	27.7	30.5	527	−3.6	12.0	16.1	28.0	29.0
Hungary												
Machinery and equipment	328	28.9	8.3	23.8	34.6	37.9	256	26.3	89.2	27.8	25.4	26.7
Fuels, raw materials and semi-manufactures	200	55.4	12.6	10.6	23.6	23.1	573	−4.4	8.7	19.2	60.9	59.7
Manufactured consumers' goods	158	82.9	19.6	7.7	19.1	18.2	49	−33.5	27.9	31.9	4.7	5.1
Foodstuffs	180	21.9	11.6	3.6	22.7	20.8	82	−41.8	32.4	14.9	9.0	8.5
Total	866	40.1	12.1	13.0	100.0	100.0	960	−7.5	25.1	21.6	100.0	100.0
of which : Soviet Union	253	49.8	28.7	23.8	26.7	29.2	289	−17.9	30.5	14.0	32.1	30.1
Other socialist countries	363	48.4	−0.9	10.1	43.0	41.9	383	−1.6	21.8	22.8	39.5	39.9
Other countries	250	21.7	20.9	7.7	30.3	28.9	288	−2.7	24.2	28.4	28.4	30.0
Poland												
Machinery and equipment	371	45.7 [a]	6.0 [a]	23.1	26.3	28.0	405	10.1 [a]	19.1 [a]	3.8	27.5	27.1
Raw materials and semi-manufactures	581	18.8 [a]	9.0 [a]	3.6	49.0	43.8	770	11.5 [a]	4.6 [a]	11.7	48.6	51.5
Manufactured consumers' goods	135	−5.7 [a]	32.9 [a]	82.4	6.5	10.2	81	45.8 [a]	−8.5 [a]	−19.0	7.0	5.4
Foodstuffs	239	51.6 [a]	16.7 [a]	14.1	18.2	18.0	239	−29.7 [a]	69.8 [a]	−1.0	16.9	16.0
Total	1 326	27.5 [a]	11.0 [a]	15.8	100.0	100.0	1 495	6.7 [a]	14.0 [a]	5.3	100.0	100.0
of which : Soviet Union	317 [b]	2.6	18.0	19.6 [b]	27.3	28.1 [b]	412 [b]	−20.8	35.4	6.9 [b]	31.9	30.5 [b]
Other socialist countries [c]	370 [b]	11.2	3.9	16.7 [b]	32.3	32.8 [b]	410 [b]	6.8	23.7	−0.1 [b]	33.1	30.3 [b]
Other countries	441 [b]	10.6	5.5	7.4 [b]	40.4	39.1 [b]	532 [b]	8.2	−3.1	16.7 [b]	35.0	39.2 [b]
Rumania												
Machinery and equipment	..	..	..	53	15	17	..	..	..	..	..	..

Sources: National statistics, plan fulfilment reports, *Rabotnichesko delo*, 17 December 1960.

[a] Constant prices.

[b] Eleven months.

[c] Including Yugoslavia.

[d] Including raw materials for the food industry.

Imports of crude and processed metals appear to have risen fast in all three countries and eastern Germany, though only partial data are available. The balance-of-payments stringency which limited the growth of imports of consumers' manufactures into Poland appears to have impelled a 26 per cent reduction in imports of coffee, tea and cocoa also; [36] and Hungarian coffee imports fell by 43 per cent, probably for a similar reason. Both Czechoslovakia and eastern Germany considerably raised imports of consumers' durable goods from other countries of the area.

The rapid growth of exports included an above-average increase in sales of machinery and equipment in all countries for which data are shown in Table 8, and Soviet exports of equipment also appear to have risen fairly rapidly. The 82 per cent increase in Polish exports of consumers' goods includes a doubling of sales of textiles and clothing, and Bulgarian exports of cotton goods — mainly to the Soviet Union — were more than twice as high in the first nine months of 1960 as in the same months of 1959. Outside these fields, Poland successfully raised exports of coal by 11 per cent [36] and sales of foodstuffs by 14 per cent. The rise in petroleum imports into eastern Europe, already mentioned, was matched mainly by Soviet exports.

The Area Distribution

Among the countries for which data on the area distribution of trade are available — Czechoslovakia, Hungary and Poland — Czechoslovak trade with countries other than the centrally planned economies rose faster than the total. Hungarian exports to the Soviet Union rose especially rapidly but imports expanded most from western markets and from countries of the eastern trade area other than the Soviet Union. Poland developed exports to " eastern " markets particularly fast — partly because the " western " markets for coal and foodstuffs remained rather unfavourable — but imports rose faster from western countries. A new credit from the United States of $130 million, to cover imports of foodstuffs and cotton from that country, contributed to this Polish import expansion.

Eastern German trade turnover with the centrally planned economies is reported to have increased by 4 per cent and that with " western " countries by 24 per cent; while intra-German trade fell.[37] Both that country and Czechoslovakia seem to have increased their trade with the less industrialized countries overseas by considerable margins. Very large percentage increases are reported in eastern German trade with such countries — from an 18 per cent rise in trade with the United Arab Republic to a 14-fold increase of trade with Cuba — but the absolute magnitudes are still relatively small.

Soviet trade with western European countries rose extremely fast in the first half of the year — imports alone by 70 per cent according to western European trade statistics [38] — but complete data for the full year are not yet available. The rise may well have slackened subsequently, but the large orders placed earlier for equipment must have provided at least a steady flow of further deliveries.

The Prospects for 1961

The 1961 plans so far published all forecast a relatively modest growth of trade as compared with the rates in the recent past except for the rapid rise of exports in Hungary (see Table 7). [38a] The fact that for the third year of the Seven-year Plan period the Soviet Union plans only a 6½ per cent expansion of turnover, following upon the 5 per cent rise in 1960, suggests that the current objective may not be much more ambitious that the rather modest target set originally.[39]

Among the eastern European countries, it is clear that the Governments of Bulgaria, Hungary and Poland see a need to plan for a faster rise of exports than of imports in 1961. In 1960 Poland had still some undrawn credit from the Soviet Union, and received another $125 million from Czechoslovakia [40] and $30 million from Italy, in addition to the new credit from the United States already mentioned; but it will be obliged soon to provide a net export surplus for debt repayment, to which rising income from services can make only a partial contribution.[41] Hungary and Bulgaria are in a similar position, though a Soviet credit of $162 million to the latter country was announced on 1 January 1961. Hungary, however, will have to start repayment in 1961 of the emergency credits granted in 1957.[42] In these countries also, rising receipts from services provide a supplement to visible exports.[43]

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[37] *Der Aussenhandel*, No. 4-5, 1961, p. 3.

[38] See the *Bulletin*, Vol. 12, No. 2, pp. 27-28.

[38a] Eastern German turnover is planned to rise by 4.8 per cent and the engineering industries are planned to produce about 10 per cent more goods for export in 1961 than in 1960 (*Neues Deutschland*, 19 March 1961).

[39] The Plan only called for a rise in trade with socialist countries by at least 50 per cent from 1959 to 1965; but the Minister for Foreign Trade expressed the hope, in 1959, that total trade turnover might double (SURVEY for 1959, Chapter III, p. 44).

[40] For development of copper mining during 1961-1970.

[41] For example transit traffic in Polish ports rose from 2.6 million tons in 1958 to 3.3 million tons in 1959 (*Commerce Extérieur Polonais*, No. 52, 1960).

[42] Hungary received credits to the amount of $283 million, mainly from the Soviet Union, in 1957 (see the *Bulletin*, Vol. 9, No. 1, p. 81). The Minister of Finance has announced that part of the 8.6 billion forints rise in Government expenditure foreseen in 1961 is necessitated by the resumption of debt service (*Népszabadság*, 23 February 1961). This may imply a revision of the export plan shown in Table 7.

[43] For instance the number of tourists in Hungary increased from 76,000 in 1957 to 190,000 in 1959, and last year their number was 244,000. There are indications of a similar, or even greater, expansion in Bulgaria.

In eastern Germany and Hungary special measures to stimulate exports were introduced during 1960 in the form of special prices and premia or of facilities for enterprises to retain a larger share than normal of profit accruing from production for export. Capacity extensions or modernization planned in exporting industries received some priority in investment allocations in Hungary and Poland; and in the latter country the 1961-1965 Plan provides for the creation of a special investment fund to finance projects contributing to a rise of exports, and the influence of the Ministry of External Trade on investment decisions has been strengthened. In all these countries the export drive in the engineering sectors continues to be concentrated particularly on products in which domestic labour input per unit of imported materials is high.[44]

A new series of agreements on specialization reached in the Council for Mutual Economic Assistance will tend to increase intra-CMEA trade in machinery and some other products in the longer run. Early in 1960 a decision was taken on the pattern of specialization in output of equipment for the chemicals, sugar, paper and meat-processing industries; and this is expected to affect 141 standardized types of chemical equipment, 32 types of sugar-processing machinery, 19 types of machinery for meat-processing and 14 for the paper industry (the last mentioned all to be produced in eastern Germany, Poland and the Soviet Union). Trade in chemical equipment among the member countries is expected to rise by 45 per cent above the 1959 level by 1965.[45] In February 1961 a decision to specialize output of construction machinery was announced.[46] References have again been made to decisions to develop production of iron-nickel ore in Albania, iron ore in Bulgaria and various ferrous metals in the other eastern European countries. The specialization programme for the chemicals industry is reported to provide particularly for the development of sulphur mining and processing in Poland, natural gas and crude oil production in the Soviet Union and Rumania, phosphorous raw materials in the Soviet Union and potassium salts in eastern Germany, while arrangements for specialization of plastics, synthetic rubber and synthetic fibre output are stated to be still under discussion.[47] Decisions on specialization in agricultural output are reported in Chapter IV, section 4.[48]

Trade agreements among the eastern European countries and the Soviet Union so far published provide for a rapid growth of intra-trade in 1961, considerably exceeding the planned rates of expansion of total turnover:

Planned foreign trade turnover and turnover foreseen in the 1961 trade agreements among the eastern European countries and the Soviet Union

Percentage increases from the 1960 level

	Total turnover	Bulgaria	Czechoslovakia	Eastern Germany	Hungary	Poland	Rumania	Soviet Union
Bulgaria	8.9							
Czechoslovakia . .	9.8	. .						
Eastern Germany .	4.8	25	13					
Hungary	12.3	. .	10	16				
Poland	8.7	10	17[a]	7	23			
Rumania	11.0	20	. .	. .	. .	42		
Soviet Union . . .	6.5	11	13	13	25	12	19	

Sources: *Ekonomicheskaya Gazeta*, 3 March 1961; BIKI, Moscow, 14 January 1961; *Rudé Právo*, 3 and 10 December 1960 and 19 February 1961; *Handel Zagraniczny*, No. 12, 1960; *Trybuna Ludu*, 10 March 1961; *Népszabadság*, 29 January 1961.

[a] According to *Trybuna Ludu*, 10 December 1960, the planned increase is 24 per cent.

The differences between the planned overall rate of growth and the increases in exchanges foreseen under the individual agreements are so great as to imply for the Soviet Union virtually no increase in trade turnover with other countries in 1960. However, the most probable explanation is that every bilateral agreement includes provision for a margin of exchanges which may eventually prove possible even though not embodied in the national trade plans.

In trade with " western " countries, the credits already mentioned above will facilitate imports into eastern Europe to some extent; and published trade agreements generally foresee a considerable expansion of turnover. The remaining quantitative and other non-tariff restrictions imposed by " western " countries on east-west trade have tended to be somewhat eased where any changes at all have occurred during 1960; but, on the other hand, the speeding up of the preferential tariff reductions of the EEC and EFTA, mentioned in Chapter I, will tend to worsen the terms on which the eastern European countries and the Soviet Union can sell in these markets.

The credits given to less industrialized countries will tend to promote eastern European and Soviet exports to those areas, and some trade agreements providing for very considerable increases in flows in both directions have been negotiated (see Chapter V, section 2). This may be expected to remain a rapidly growing sector of trade.

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[44] In Hungary, for instance, where exports of all machinery rose by 24 per cent in 1960, exports of precision instruments increased by 20 per cent, of telecommunication sets by 30 per cent, and of complete enterprises by 50 per cent, and it was stated that net foreign exchange proceeds per unit of exported machinery increased. (*Figyelö*, 19 January 1961.)

[45] *Vneshnaya Torgovlya*, February 1960. Intra-CMEA trade in metal-cutting machine tools is reported to be planned to rise by 140 per cent from 1958 to 1965, in metallurgical equipment by 150 per cent, in tractors by 220 per cent and total intra-trade by 80 per cent. (*Munca*, 5 March 1960.)

[46] *Rudé Právo*, 28 February 1961.

[47] *Trybuna Ludu*, 28 February 1961.

[48] For earlier decisions see the SURVEY for 1959, Chapter III, sections 3 and 4.

4. TRENDS OF INCOMES AND CONSUMPTION

In general, 1960 was a year of further improvements in living standards in eastern Europe and the Soviet Union at rates close to those foreseen in the long-term development plans of these countries. In Bulgaria, Czechoslovakia and Rumania, real non-farm incomes appear to have risen much faster than in the immediately preceding years, and the slower rate of growth of incomes in eastern Germany followed two years of swift advance (see Table 9): peasants' incomes seem to have increased in most eastern European countries at a similar pace to those in other sectors. Larger supplies of consumers' goods and enhanced social amenities, including housing, were forthcoming everywhere. Disappointments, however, were not uncommon. For example, the quality and assortment of consumers' goods continued to fall short of desired standard; in several countries stocks of unsaleable goods accumulated far in excess of plans; and, although dwelling construction continued at a high level, a number of national plans were seriously under-fulfilled.

Incomes in 1960 in Eastern Europe

The brakes applied in 1960 to the rise of personal incomes in Poland and, to a lesser extent, in Hungary, had at least one cause in common — actual or imminent balance-of-payments strains stemming largely from the repayment of credits negotiated in 1956 and 1957, when emergency imports were needed as the growth of incomes went out of control. In Poland, as a result of the restraint of domestic expenditures, " produced national income " increased by 5 per cent in 1960, but " distributed income " (in broad terms, income produced less the export surplus) by only 2.5 per cent; and the consumption fund barely kept in step with the growth of population.[49] The increase in nominal wages and salaries of some 2 per cent in 1960 was more than offset by the higher cost of living; hence real non-farm incomes declined slightly. A part at least of this decline was, however, due to changes in the structure of employment (nine months data):

	Percentage change in employment	*Average monthly wage in zlotys*
Total socialist sector . . .	*−0.3*	*1,645*
of which :		
Industry	−0.7	1,808
Construction	−5.9	1,895
Education	+3.8	1,485
Health	+4.2	1,286
Retail trade	+5.9	1,233

Thus employment rose in the non-productive sectors, where wages are low, and fell in those where they are

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[49] The need to restrain the growth of consumption stems not only from desire to maintain a high rate of investment out of this slowly rising total volume of domestically disposable resources in 1960, but also from the fact that agricultural output — and particularly animal production — is rising relatively slowly whereas the elasticity of consumer demand for high-quality foodstuffs is high at present levels and distribution of personal incomes.

TABLE 9

Per capita nominal and real wages, 1958 to 1961 (Plan)

Percentage increase over preceding year

Country	Nominal wages			Cost of living			Real wages				
	1958	1959	1960	1958	1959	1960	1958	1959	1960 Plan	1960 Actual	1961 Plan
Albania	1	2	. .	−5	−6	. .	6	8	6	— *	. .
Bulgaria	2	3	. .	—	−1	. .	2	4	18 *	8	9 [a]
Czechoslovakia	2.2	2.1	3.0	−0.2	−2.3	. .	2.3	4.6	. .	4	. .
Eastern Germany [b]	8	8	5 [c]	−2	−3	. .	10	11	. .	. .	. .
Hungary	2.4	3.8	4-5	0.3	−1.3	1.4 [d]	2.1	5.1	2.1	2.5-3.5 [e]	1.8
Poland	5	8	2.4	2	3	4.0 *	3	5	1	−1.6	. .
Rumania	11	5	9	. .	. .	. .	4 [f]	6 [f]	5	11 [f]	. .
Soviet Union [g]	5	3	. .	3 [h]	−1 [h]	. .	3	4	5 [a]	5 [a]	5 [a]

Sources : Statistical yearbooks and bulletins; plan fulfilment reports; *Rabotnichesko delo*, 22 December 1959.

NOTE. — Unless otherwise stated the data refer to workers and employees in the socialist sector. Bulgarian, Hungarian, Polish and eastern German figures are net of taxes and social security payments; it is not clear whether this is so for other countries.

[a] Refers to total working population.

[b] Workers and employees in the productive sphere of socialist sector.

[c] Average monthly earnings of workers and employees in socialist industry.

[d] Cost-of-living index in Budapest.

[e] Derived from the report on the fulfilment of the Three-year (1958-1960) plan.

[f] Including children's allowances, compensation for derationing and payments not included in the personal wage fund.

[g] Incomes of workers and employees, inclusive of social benefits and state-provided services.

[h] Index of retail prices in state shops; percentage price changes on farm markets were +4 and −6 in 1958 and in 1959 respectively.

relatively high. Moreover, although the average level of the cost-of-living index was higher in 1960 than in 1959, it declined below the corresponding 1959 level towards the end of the year, largely owing to a fall in food prices.[50] The substantial rise of farm output in 1960 offers scope for increases in personal incomes and consumption in 1961, although the relatively loose control of peasants' incomes in Poland, compared with other countries of the area, tends to limit the possibilities of expanding non-farm incomes even when agricultural output rises.[51]

In Hungary, wages and salaries went up, in real terms, by no more than the planned 2-3 per cent, and the average nominal wages of industrial workers just kept pace with the slight increase in the cost of living (1.4 per cent in the Budapest area); in construction, however, average nominal wages hardly changed:

Monthly average nominal earnings of industrial workers in Hungary

in forints

	1959	*1960*	*Percentage change*
Total state industry	1,551	1,577	+1.7
of which :			
Mining	2 165	2,223	+2.8
Metallurgy	1,640	1,670	+1.8
Engineering	1,562	1,583	+1.3
Building materials	1,473	1,491	+1.2
Chemicals	1,442	1,467	+1.7
Textiles	1,247	1,286	+3.1
Food and tobacco	1,350	1,375	+1.9
State construction enterprises	1,570	1,578	+0.5

Source : Statistical bulletins.

However, average earnings in some branches have risen by more than these figures suggest since a principle of post-1956 wage policy has been the closer tying of remuneration to productivity and distribution of rewards via the enterprise fund, rather than the wage-bill proper. Such payments were introduced in 1958 (on profits earned in 1957) and increased from 900 million forints in 1958 to 1.3 billion in 1960, or to 4.1 per cent of the wage-bill; but their significance to the fraction of the labour force benefiting from them is, of course, much greater. Including these distributed profits, per capita real incomes of industrial workers rose by about 10 per cent from 1957 to 1960, and average non-farm personal real incomes by about the same extent compared with the three-year plan target of 6 per cent. However, average family income rose still more, reflecting both a rising proportion of wage earners per family and an increase in old-age pension payments from 2.5 billion forints in 1957 to 4.0 billion in 1960.

The aggregate cash income of co-operative and private farmers in Hungary from sales to the state fell by 24 per cent from 1959 to 1960 while the numbers of such farmers also fell; but prices on the Budapest free market rose by 13 per cent, and free-market turnover had accounted for nearly 30 per cent of total cash receipts by farmers in 1958. On-farm consumption probably fell in 1960 following the spread of collectivization; and on balance it seems that per capita real incomes from agriculture probably fell in 1960. However, supplementary wage income certainly rose, as in earlier years,[52] and farm families benefited from the health services and old-age pensions available to co-operative farmers.

In Czechoslovakia, the personal consumption fund went up by as much as 9 per cent (against 5.4 per cent originally planned) and real wages rose by about 4 per cent per capita thanks to a 3 per cent increment in nominal wages accompanied by a further cut in prices valued at Kčs 1.8 billion (or some 2 per cent of retail trade turnover).[53] Other contributions to a higher standard of living in Czechoslovakia included further increases in the lowest pensions, the provision of free school text-books, the abolition or reduction — depending on family size — of kindergarten fees, and a lowering of electricity charges. Average remuneration per labour day (in cash and in kind) in co-operative farms in 1960 is stated to have been Kčs 18.90, against 17.20 in 1959, but this covers only a part of peasant income and does not fully reflect the charge in real incomes over the whole farm economy. However, average personal incomes in agriculture probably rose with the marked improvement of farm output in 1960.

In Rumania the rise in average real wages was as high as 11 per cent, largely on account of a larger increase in nominal receipts, although the prices of some 1,100 articles were sharply reduced in July. Particularly steep salary increases — averaging about 20 per cent — were granted to engineers, technicians and research scientists with effect from August 1960.[54]

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[50] The changes (compared with the same months of 1959) in the index were as follows: January, 108.1; June, 109.6; November, 98.3. This does not mean necessarily that prices fell in the course of 1960, since in the second half of 1959 prices were rising, particularly on account of the higher price of meat.

[51] According to the plan fulfilment report, peasants' real incomes "destined for consumption" increased from 1955 to 1960 in the same proportion as real wages (29 per cent). This statement strongly suggests that peasants' total incomes increased somewhat faster than those of the rest of the population, since the "invested part" of peasants' incomes certainly increased more than proportionately. In the period 1955 to 1958 alone, this letter component increased by 117 per cent (see *Biuletyn Statystyczny*, No. 2, 1959, Special Supplement, and Chapter IV, section 3 of this SURVEY).

[52] See Chapter IV, Table 25.

[53] See the *Bulletin*, Vol. 12, No. 1, p. 16; and Vol. 12, No. 3, p. 46.

[54] See the *Bulletin*, Vol. 12, No. 3, 1960, p. 47.

Although the planned increase of about 18 per cent in real wages and salaries was not achieved in Bulgaria, the recorded rise of 8 per cent was much above that of preceding years. In 1958 and 1959 small changes in non-farm incomes were accompanied by a rapid expansion of the consumption fund — by 10 per cent in 1958 and 12 per cent in 1959 — indicating that gains in peasants' incomes exceeded those of the urban population; but in 1960, by contrast, wages and salaries increased somewhat faster than the consumption expenditure of the whole population. Another feature of the development of incomes in Bulgaria in 1960 was the marked divergences in growth between sectors of the economy and between industrial branches, in accordance with the plans for wage adjustments announced in December 1959;[55] industrial wages increased by 6.9 per cent, those in construction by 11.4 per cent, in transport by 15.1 per cent, and in trade by 9.0 per cent; and further differentiation is anticipated as the full impact of the new rates is felt. The new wage-rates were accompanied by a general increase in minimum wages and salaries — from 400 to 500 leva, and up to 470 leva respectively.

Incomes in the Soviet Union

Information on the movements of incomes in the Soviet Union continues to be scanty. The 1960 plan fulfilment report mentions only the percentage increase in real average per capita income, a concept which includes not only personal income in money and in kind derived from work and social welfare schemes but also the value of state-provided services (such as the housing subsidy, expenditure on health and education, etc.). This indicator of living standards showed a 5 per cent increase in 1960, in line both with the annual plan and with the average rate implied by the ultimate target of the Seven-year Plan.[56]

The growth of peasants' incomes, which was faster than that of workers and employees from 1953 to 1958, appears to have come to a virtual standstill in 1959 and 1960. Whereas the index of per capita real incomes of peasants stood at 184 in 1958 (1950 = 100) and that of non-farm incomes at 156, in 1959 the respective figures were 185 and 162. Following the 1959 reforms of prices and the state procurement system, incomes of collective farmers are more closely related to the volume of output, which rose little in 1960.[57] The non-farm population, moreover, benefited more than the farmers from the implementation of the first stage of the income-tax reform in October 1960 when tax was abolished on incomes below 500 roubles per month and reduced by 40 per cent on incomes in the 500-600 roubles bracket. The annual value of these measures is about 3.6 billion roubles;[58] and the reduction by an average of 14 per cent in the retail prices of medicines from 1 April 1960 yielded an additional saving to the population estimated at approximately 1 billion roubles. The two together are equivalent to about 0.5 per cent of the annual value of retail trade turnover.

By the end of 1960 the transition to a seven-hour working day (or, in some cases, a six-hour day) had been completed, and the reform of the wage system in industry, construction, transport and communications was accomplished.[59] The following data show the effect of the reform on basic wages in some industrial branches of the Ukrainian Republic:

Average monthly wage in roubles

	Before wage reform	*After wage reform*	*Percentage increase*
Ferrous metallurgy			
Manual workers	996	1,138	14
Technical personnel	1,593	1,672	5
Employees	752	811	8
Coal industry			
Manual workers	1,221	1,572	29
Technical personnel	1,803	2,360	31
Employees	847	910	7
Chemicals industry			
Manual workers	785	873	11
Technical personnel	1,205	1,353	12
Employees	760	853	12

Source : *Sotsialisticheski trud*, No. 9, 1960, pp. 6 and 7.

At the same time, basic wages at the lower end of the scale are reported to have been raised to 450-740 roubles per month in heavy industry, to 560 roubles in building, and to 400-510 roubles in the light and food industries. Consequently, the number of workers and employees in the "less than 600 roubles per month" wage-group has been halved for industry as a whole.[60] The wage-spread is being further narrowed by the transformation of the existing structure of industrial tariffs. At present there are seven, eight or ten grades in the industrial wage scale; and the ratio of wages in the lowest grade to those in the highest is 1:2.5-3. This structure will be replaced by one comprising only six grades, with a wage-ratio of 1:2 in machine-building and some other branches of heavy industry, and of 1:1.8 in the light and food industries.[61]

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[55] See the SURVEY for 1959, Chapter II, p. 26.

[56] See also footnote 58.

[57] Price reductions for some farm supplies and other measures that will tend to raise collective farm incomes in 1961 are described in Chapter IV, section 5.

[58] It is not clear whether the concept of "real per capita incomes of workers and employees", referred to above, is on an after- or before-tax basis. To judge by an article in *Trud i zarabotnaya plata*, No. 12, 1959, pp. 44-48, gross income seems to have been the basis of calculation until 1959. The article in question strongly advocates a shift to an after-tax basis, on account of recent changes in taxation (including subscriptions to state loans).

[59] The objectives of this reform were summarized in the SURVEY for 1956, Chapter I, section 6, and the stages of its implementation reported in subsequent ECE publications.

[60] See *Kommunist*, No. 13, 1960, p. 31.

However, the net effect of the reform on actual earnings, as distinct from basic wages, cannot yet be fully assessed. Inasmuch as one purpose of the reform was to increase the share of basic wages in total earnings (at the expense of premia and bonuses), the changes shown in the above table are certainly much greater than the actual improvement in earnings. Yet it seems that average industrial earnings increased somewhat, despite reduced hours of work, partly due to the tightening of the work-norms and other measures designed to increase the intensity of labour and labour productivity in general.[62] Moreover, the reform has clearly succeeded in narrowing the range of income distribution, both by raising the earnings of the lower paid groups more than proportionately and by eliminating some of the highest incomes, which arose in the past from loose work-norms and the steeply progressive premia for their over-fulfilment.[63]

The wage reform will be extended in 1961 to state farms and other sectors. In retail trade, the following scales are to be gradually introduced from January onwards:

Average monthly wages of shop [a] personnel

in roubles

	Basic areas	*Moscow and Leningrad*	*"Outside the belt"* [b]
Senior salesman	625	688	748
Salesman	550	605	660
Assistant salesman	500	550	596

Source : *Sovetskaya torgovlya*, No. 11, 1960, pp. 11-13.

[a] Excluding vegetable stalls and other small shops.

[b] Apparently refers to outlying areas, but is not precisely defined.

The new scales are simpler in that they discard many previous differentiations, particularly of categories of shops distinguished by size and type of merchandise. The system of premia for fulfilment or over-fulfilment of turnover plans has not yet been worked out; but the practice of reducing wages when turnover plans were under-fulfilled has been abolished.[64]

Changes in Consumption in 1960 in Eastern Europe

The divergent movements of real incomes in eastern European countries in 1960 were reflected in differences in rates of increase of retail sales though these differences also reflect faster monetization (following collectivization) of the farm economies of countries other than Poland (see Table 10). In Poland they rose by only 2 per cent — and all the rise occurred in the second half of the year: in the other countries the range of increase was from some 7 per cent in Czecho-

TABLE 10

Volume of retail trade turnover (including public catering), 1958 to 1961 (Plan)

Percentage increase over preceding year

Country	All commodities					Food				Non-food			
	1958	1959	1960		1961 Plan	1958	1959	1960		1958	1959	1960	
			Plan	Actual				Plan	Actual			Plan	Actual
Bulgaria	11	19	14.2	11.6[a]	7.1	7	..	..	..	14	..	..	..
Czechoslovakia	1.1	7.6	3.7	7.4	4.2	2.6	6.4	1.0	2.4	−0.8	9.0	8.1	13.9
Eastern Germany	11.4	10.7	13.8[b]	7[b]	..	11.2[c]	7.8[c]	..	4.3[b]	11.7[c]	14.6[c]	..	10.3[b]
Hungary	5.3	12.6	4.4	10.0[b]	4.6	5.3	10.7	..	9.8[b]	5.3	14.4	..	10.2[b]
Poland	5.4	10.4	4.3	2	4.3	8.2[d]	5.8[d]	..	..	2.9	16.4	..	..
Rumania	−2	6	17[b]	15.7	15	—[e]	2[e]	..	11	−1	8	..	20
Soviet Union	6	8	7	11	5.8	5	7	..	..	7	9	..	..

Sources : Statistical yearbooks, bulletins and plan fulfilment reports; *Der Handel*, No. 10, 1959, p. 587; *Hospodářské noviny*, No. 49, 1960; *Lidová Demokracie*, 30 December 1960.

NOTE. — Figures in this table refer to socialized trade in all countries except Bulgaria, Czechoslovakia and eastern Germany, where private trade is included. In Hungary the turnover includes centrally distributed commodities sold by private shops. Soviet data exclude sales of food products on a commission basis by consumer co-operatives.

[a] Retail sales without catering increased by 9.8 per cent and the volume of public catering went up by 19.9 per cent; the former target was under-fulfilled by 3.6 per cent and the latter over-fulfilled by 6.6 per cent.

[b] Increase in the value of retail trade turnover.

[c] Estimate based on the shares of food, beverages (*Genussmittel*) and non-food articles in the total trade expressed in current prices.

[d] Exclusive of public catering which increased by 1 per cent in 1958 and 3 per cent in 1959. In 1960 the volume of public catering declined by 4.5 per cent.

[e] Excluding public catering, the volume of which declined in 1958 by 13 per cent and remained unchanged in 1959.

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[61] *Planovoe khozyaistvo*, No. 1, 1960.

[62] In the last quarter of 1960, the average hourly productivity of labour (output/man-hour) in industry increased by 12 per cent.

[63] For further measures to be taken during the Seven-year Plan to reduce the income spread, see the SURVEY for 1959, Chapter III, pp. 51 and 52.

[64] Perhaps owing to the fact that sales more frequently drop for reasons unrelated to the efforts of shop personnel.

TABLE 11

Retail sales of some products in 1960 in six countries

Percentage increase over preceding year [a]

	Bulgaria	Eastern Germany	Hungary [b]	Poland [c]	Rumania	Soviet Union
Meat and meat products	8.1	3	8	−7.2	..	13
Sugar	11.6	..	..	−1.9	..	13
Sugar products		..	..	..	..	4
Butter	14.4	3	..	−7.5	..	6
Milk	32.4	..	14	6.1	..	14
Eggs	32.6	18	..	−4.5	..	8
Cheese	14.8	4	15	..	..	13
Vegetables	30.3	..	..	..	..	8
Woollen fabrics	5.6	..	..	−9.6	15	16
Cotton fabrics	−7.0	..	..	−14.8		2
Silk fabrics	11.5	..	..	−12.6		−1
Linen fabrics	..	..	..	− 9.3		2
Footwear	9.1	9	10	1.7	17	10
Bicycles	−25.0	14 [b]	..	−13.3	27	−10
Motor-cycles and scooters		..	−4	7.0	53	13
Washing machines	130.2	16 [b]	36	19.8	28	25
Refrigerators	..	91 [b]	...	24.5	35	21
Radios	−5.4	..	..	−6.2	..	2
Television sets	..	38 [b]	44	25.5	55	32
Motor-cars	−22.8	..	..	..	..	43
Watches	..	41 [b]	..	−6.3	..	−5
Vacuum cleaners	..	18 [b]	2	..	..	15
Furniture	10.4	..	31	10.2	38	19

Sources : Plan fulfilment reports; *Rabotnichesko delo*, 17 December 1960.

NOTE. — For trade coverage see Table 10.

[a] Based largely on quantities, except in eastern Germany.

[b] Derived from the report on the fulfilment of the 1958-1960 plan.

[c] Deliveries to retail trade and catering.

slovakia and eastern Germany to about 16 per cent in Rumania. In most countries of the area turnover expanded more than planned; but in eastern Germany the 7 per cent rise was far short of the target.

In Bulgaria, within the overall increase in retail trade of 11.6 per cent in 1960, the value of catering services went up by 19.9 per cent (6.6 per cent more than planned), but that of retail sales proper by 9.8 per cent, falling short of the annual target. Sales of some farm products such as milk, eggs, vegetables and fruit rose by about 30 per cent and sales of meat, butter and sugar were also larger. Since farm output rose little, these rises in sales were partly due to the continuing monetization of the incomes of the rural population. Among manufactured goods, sales of textiles were only slightly higher than in the preceding years,[65] and those of some durable goods such as bicycles, radios and motor-cars declined; but sales of washing machines rose by 130 per cent to 39,000 (see Table 11).

In common with incomes, retail sales in Czechoslovakia grew faster than anticipated. Almost all of this increase took place in the second half of the year,[66] which suggests that it was due partly to the price cuts announced in April but may also have reflected fears of a monetary reform. The following quarterly data on increases in savings deposits give a similar impression:

Quarterly increments

in million Kčs

	1959	*1960*
First quarter	1,734	2,089
Second quarter	451	21
Third quarter	390	165
Fourth quarter	282	−19

Thus, even though incomes rose much faster than in 1959, savings were much smaller during the second and third quarters of 1960, and during the last quarter there was a net withdrawal from deposits. With rising incomes and demand and still slowly growing farm output of animal products, occasional shortages and irregularities in supplies of meat, butter and eggs occurred during the year.

In eastern Germany, demand was again stronger for industrial goods than for foodstuffs, as in 1959; and increases in sales of most consumers' durables were considerable (see Table 11). Moreover, sales of more expensive consumers' goods such as coffee and wines expanded rapidly (by 36 and 32 per cent respectively), indicating both some relaxation of restrictions on imports of " luxuries " and increases in disposable personal incomes. Nevertheless, the distribution system continues to be criticized for inadequacies, despite the reorganization of the wholesale trade network.[67] Special efforts were made during the year to increase the number of retail sales points and repair service shops; and another 5,760 self-service establishments (shops, cafeterias, etc.) were opened in 1960, bringing their total to some 13,000.[68]

Sales to consumers in Hungary expanded much faster than incomes and therefore faster than planned, particularly during the first half of the year, probably partly as a result of purchases by new co-operative farmers out of their increased cash receipts from

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[65] See the SURVEY for 1959, Chapter II, Table 19.

[66] The value of retail sales changed as follows (billion Kčs):

	1959	*1960*
First quarter	21.2	21.9
Second quarter	22.7	25.1
Third quarter	24.1	26.0
Fourth quarter	26.9	29.0

[67] See the *Bulletin*, Vol. 12, No. 1, p. 17, and Vol. 12, No. 3, p. 47.

[68] At a recent conference of retail trade officials, the Minister of Trade singled out the specialisation of shops and the establishment of direct contracts with producers as two priority tasks (see *Neues Deutschland*, 8 January 1961).

surrendered or slaughtered livestock and similar sources.[69] Although scarcities of some foodstuffs — mainly of meat, lard and fruit — developed during the year and led to sharp rises in free market prices at mid-year, supplies of manufactures have improved.[70] The stability of the internal market was buttressed by a steep increase in savings deposits by about 1.5 billion forints, or some 3 per cent of the wage bill.

In Poland, by contrast, the stabilization of incomes was reflected in the volume of retail trade turnover, which was only 2 per cent higher than in 1959. A reduction in the supply of meat and other animal products, caused by the poor performance of this sector of agriculture (particularly in 1959) was only partly offset by an increase in sales of vegetable fats and some cereals. The growth of demand for industrial goods was very uneven. Although the output plans for most consumers' durables were not fulfilled, production was generally much greater than in 1959; [71] but demand did not always rise in step with supply. For example, production of bicycles increased by about 25 per cent, but sales declined by 13 per cent; and the sales of television receivers went up by 25 per cent, whereas output increased by 46 per cent. Similarly, production of most textile fabrics was higher in 1960, but sales fell by a remarkably large and uniform margin (see Table 11).

These divergences between output and sales can be attributed only in part to an intensified export drive, for the accumulation of stocks exceeded the planned norms. A further cause might be the stagnation, and in some cases decline, in real incomes in higher income brackets where the bulk of effective demand for " luxury " goods such as consumers' durables and some textiles originates; but this explanation loses force when confronted with the large increment of the personal savings deposits during the year by 4.2 billion zlotys (35 per cent of the 1959 level or some 3 per cent of the wage bill).[72] The gap between output and consumption points to the existence of what is sometimes termed " conspicuous production ": a part of the output of consumers' manufactures is of poor quality and assortment, and unacceptable to the consumer, whose preferences have become more inflexible as a result of the general improvement in supplies during the last few years. This situation, which is common to all countries of the area, though to a varying degree, is aggravated by the inadequate knowledge both of the market and of consumers' preferences, and by the rigidity of the mechanism of production and distribution which cannot respond quickly to changes in demand.[73]

Some measures were taken in Poland in 1960, and others are planned for 1961, to bring the structure of production closer to the requirements of consumer demand. The range of models, patterns, and colours of commodities produced by light industry was increased by 14,000, and a special Model and Design Fair was organized in January 1961 to promote direct contacts between consumers, designers and industries. Additional facilities have been extended for hire purchase, and the prices of some manufactured goods have been cut. The 1961 plan calls for reductions in wholesale stocks by 21 per cent and 26 per cent for woollen and linen fabrics respectively, and by about 20 per cent for footwear.[74]

The volume of retail sales in Rumania, after having declined in 1958 and increased only modestly in 1959, rose by as much as 16 per cent in 1960; and the plan for 1961 envisages a similar rate of expansion. This success was partly due to the excellent 1959 harvest, providing larger supplies of animal products in 1960, but also to a remarkable increase in domestic production of textiles (by 17 per cent) and of some consumers' durables.[75]

Retail Sales in the Soviet Union

In the Soviet Union retail trade turnover rose, at comparable prices, by 11 per cent from 1959 to 1960, although the planned increase was only 7 per cent.[76] Among foodstuffs, sales of meat and meat products, milk and sugar, rose fastest; but for some of them — such as meat and milk — the rate of increase was lower than in the preceding few years. Sales of textile fabrics remained close to the 1959 level, except for woollen fabrics, sales of which went up by 16 per cent. Purchases of consumers' durables increased steeply, the two exceptions being bicycles and radios, demand for which seems generally to be slackening in the area. Nevertheless, the 1960 targets quoted by the then Chairman of Gosplan in December 1958 for sales of some durables have been met only for furniture:

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[69] See the *Bulletin*, Vol. 12, No. 3, p. 48.

[70] Nevertheless there have been complaints of too limited choice of radio and television sets and it is reported that only 70 per cent of demand for furniture was met (*Figyelő*, 14 February 1961).

[71] See Appendix Table XIII.

[72] " Purposive " savings, particularly for purchase of dwellings and furniture are, however, gaining in importance, and conceivably compete with expenditure on such items as clothing or textiles.

[73] On the problems of distribution in centrally-planned economies, see the SURVEY for 1958, Chapter IV, sections 2 and 3.

[74] *Zycie Gospodarcze*, No. 1, 1961.

[75] See Appendix Table XIII.

[76] During the first half-year, sales increased by 9 per cent above the comparable 1959 level, pointing to an unusually large expansion — of some 13 per cent — in the second half of the year. At least a part of this wave of buying may be attributed to misconceptions in some quarters about the consequences of the January 1961 monetary reform, despite official assurances both that no limits would be placed on the amounts of currency offered for exchange and that the purchasing power of the rouble would not change.

Percentage increases in sales in the Soviet Union

	1958 to 1960	*1958 to 1959*	*1959 to 1960*
	Plan	*Actual*	
Furniture	48	28	19
Television sets	70	21	32
Washing machines	95	35	25
Refrigerators	60	23	21

Sources : Pravda, 28 October 1958; plan fulfilment reports.

Not only is demand for consumers' durables far from saturation point, but also their prices compare very favourably with those of textiles and are not beyond the means of medium income groups (for a sample of wages in industry and trade see above), particularly when hire purchase is available: [77]

Prices of some consumer goods in the Soviet Union in 1960

in roubles

Woollen fabric (per metre):	
Metro	451
Udarnik	392
Boston	376
Gabardine	351
Refrigerator:	
Saratov 2	1,500
Zil	2,000
Zil-Moskva	3,100
Vacuum cleaner — Uralets	650
Washing machine — Tula 2	1,000

Source : Pravda, 12 October 1960.

The organization of trade and the adaptation of production to consumer demand are matters which have continued to command the attention of the Soviet planning authorities. In August 1960 a decree issued by the Party Central Committee " On measures for further improvement of trade " [78] listed current shortcomings in the functioning of the system and introduced some remedies. Among the most important of the decisions adopted are, first, that production plans for consumers' goods are now to be based on the orders placed by trade organizations and on the contracts which they conclude with industry; secondly trading organizations are now expressly forbidden to accept goods differing in assortment, quality or design from the orders given; thirdly, *sovnarkhozy* and industrial enterprises are not allowed to discontinue production of any lines of goods without first consulting the Ministry of Trade of the relevant Republic and local trade organizations.

Trading organizations have for some time had the right to refuse unwanted goods. However, in conditions of a general sellers' market " trade tends to be at the mercy of industry, since in order to fulfil turnover plans (and this is still a condition for receiving premia, etc.) trading enterprises can be forced to accept unpopular supplies ".[79] To do so now becomes a legal offence; and this — with the other measures adopted — ought considerably to strengthen the position of trade vis-à-vis industry and to facilitate a fuller satisfaction of consumers' preferences.

Personal Savings in Eastern Europe and the Soviet Union

Despite the fact that retail trade generally rose faster than personal incomes, savings deposits showed the same tendency in all countries for which data are available. Though rising fast, they are still too small in relation to current incomes to be an important stabilizing or destabilizing factor in any country, net new savings in Hungary, Czechoslovakia and Poland in 1960 amounting to about 3 per cent of the wage bill in each country.

Savings deposits

Billions of national currency at end of year

	1958	*1959*	*1960*	*Percentage increase 1959 to 1960*
Czechoslovakia	14.7*	17.6*	19.9*	13
Eastern Germany	11.2	14.0	16.4 [a]	17
Hungary	2.2	3.8	5.3*	39
Poland	7.7	12.0	16.2	35
Rumania	..	..	..	51
Soviet Union	8.7	10.1	10.9	8

Sources : Budget statements; national statistics; *Népszabadság*, 11 January 1961.

[a] End of November.

Housing

Throughout eastern Europe and the Soviet Union housebuilding continued in 1960 at much higher rates than those prevailing during the early and mid-fifties. Nevertheless, judged by the targets set in the plans, the performance of the housebuilding sector ranged from mediocre to poor. The number of dwellings constructed rose significantly only in Czechoslovakia (see Table 12); [80] but even there the annual target was not reached, apparently owing to the levelling off of private and co-operative building especially in Slovakia.

In eastern Germany about 65,000 dwellings were brought into use (constructed or reconverted) in 1960, as against 80,000 in 1959 and the planned figure of at least 90,000.[81] Since the 1959 housebuilding programme was under-fulfilled by 13 per cent, the target of the long-term building plan (772,000 dwellings to be built during the years 1959-1965) will be difficult to attain. Several causes — most of which are common to other

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[77] Articles in short supply are not, however, available on hire purchase. The articles most commonly bought by instalments are motor scooters, motor cycles, radiograms, radios and fur coats.

[78] *Pravda*, 9 August 1960.

[79] SURVEY for 1958, Chapter IV, p. 33.

[80] No data are, however, available for Bulgaria and Rumania.

[81] The true difference between the 1959 and 1960 results may be somewhat smaller; for the criteria for accepting new dwellings as completed were apparently tightened in 1960, when 15,828 dwelling units taken over by tenants were nevertheless not counted as completed.

Table 12

Dwelling construction, 1958 to 1961 Plan

Thousands of dwellings

	1958	1959	1960 Plan	1960 Actual	1961 Plan
Czechoslovakia					
Total	53.4	68.3	78.3	74.7	85.0
of which :					
Co-operative	—	1.3	9.6	8.8	..
Private	16.8	20.9	25.0	18.0	..
Eastern Germany					
Total (including reconstruction)	63.5	80.0	89.6 [a]	64.7	..
of which: Co-operative	14.7	31.4	..	..	..
Hungary					
Total	41.8	46.6	39.2	42.1	46.2
of which :					
State	10.8	13.3 [b]	14.2	..	15.0
Co-operative and private [c]	31.0	33.3	25.0	..	31.2
Rumania					
From state and co-operative funds [c]	16.0	23.4	30	28	37
Soviet Union					
Total	2 692	3 039	..	3 025	..
of which: State, co-operative, state-aided and private urban [d]	..	2 237	..	2 400	..
Poland	*Thousands of rooms*				
Total	368.2	402.9	..	405.9	..
of which :					
Co-operative and private in towns	45.6	81.0	79.6	93.7	..

Sources : Statistical yearbooks and bulletins, plan fulfilment reports; *Rudé Právo*, 18 February 1960 and 19 January 1961; *Figyelő*, 3 January 1961.

[a] Estimated from the statement in first quarter's plan fulfilment report that 6,635 dwellings were built or converted to use during the first three months and that this figure amounted to 7.4 per cent of the annual plan. According to *Die Wirtschaft*, 18 February 1960, 101,500 dwellings were to be constructed in 1960.

[b] Including co-operative.

[c] Including state-aided construction, and in Rumania construction financed by state credits.

[d] Excluding collective farms.

countries — underlie these failures in eastern Germany: delays in deliveries of building materials, shortages of some materials (particularly those used in the finishing stages of construction) and too wide dispersion of resources. Additional factors operating in eastern Germany in 1960 were adverse weather, the priority given to agricultural construction in connexion with the collectivization drive, and an exaggerated emphasis on construction as such (*Rohbauideologie*), which has resulted in a growing time-lag between the end of basic construction work and the completion of the house.[82]

In Poland and the Soviet Union almost the same volume of construction was achieved as in 1959. In the latter country the plan for non-farm housing was under-fulfilled by as much as 15 per cent, whereas in the countryside (outside state farms) only 625,000 houses were built in 1960, as compared with some 800,000 in 1959. Floor space built in 1960 by the state, non-farm co-operatives and private citizens amounted to 85 million square metres instead of the 101 million square metres planned. Dispersion of building works, the lengthening of the period of construction, and inadequate utilization of machinery on the sites have been blamed for this short-fall; and the discontinuation of state loans for individual house construction in towns and workers' settlements must also have had a contractionary effect.[83] The funds thus saved are reallocated partly to state and co-operative construction and partly to schemes for subsidizing workers' organized holidays. The Soviet plan for 1961 foresees the construction of 96 million square metres of floor space — which is as much as actual construction in the years 1956 and 1957 together, but still less than the unfulfilled 1960 target. Unless the former tempo of expansion of housebuilding is recovered, the ambitious target of the Seven-year Plan — construction of 650-660 million square metres of floor space — will not be attained.

5. THE STATUS OF LONG-TERM PLANS

Among the five long-term economic plans announced in 1959 and analysed in the *Economic Survey of Europe in 1959*,[84] two (for the Soviet Union and eastern Germany) were in the form of definitive plan documents, and three (for Czechoslovakia, Hungary and Poland) had the status of "plan directives" — that is, they had not yet been approved by legislatures and were therefore particularly liable to be revised. The Czechoslovak and Polish plans have since been enacted — in November 1960 and February 1961 respectively. The new long-term plan targets for Rumania were published in 1960 as directives issued by the Congress of the Workers Party in May. Since the Plenary Session of the Central Committee of the

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[82] *Bauzeitung*, No. 21, 1960, p. 481.

[83] This measure is a part of the campaign against "anti-social individualism" (see *Kommunist*, No. 14, 1960, pp. 13-21). The outstanding loans on this account amounted to 4.9 billion old roubles at the end of 1959 and increased in that year by 500 million roubles.

[84] See Chapters III and IV.

TABLE 13

Main indicators of the 1960-1965 Plan in Rumania

Percentage increases

	1959 to 1965	Annual rate (cumulative)			
		1960-1965 [a]	1954-1959	1958-1959	1960
National income	70-80	9.3-10.3	7.5	8.2	8
Gross industrial production	ca. 110	13.2	9.8	10.0	16.9
(1) Producers' goods	ca. 120	14.0	10.7	12.3	..
(2) Consumers' goods	ca. 100	12.3	8.7	6.3	..
Gross agricultural production	70-80	9.3-10.3	3.5	1.5	..
Investment outlays	ca. 100 [b]	—	—	—	—
Consumption fund	60-70	8.2-9.3	..	..	..
Volume of retail trade (socialist network)	ca. 100	12.3	8.0	2	15.7
Value of foreign trade	ca. 100	12.3	3.8 [c]	6.8	33
Real wages (workers and employees)	40-45	5.8-6.4	7.4 [c]	4.9	11
Real income of farmers	40	5.8	..	..	..

Sources : Plan document; *Anuarul Statistic al R.P.R. 1960.*

[a] i.e. average of 5 annual increases.

[b] Outlays in 1960-1965 compared with those in 1954-1959.

[c] 1956-1959 annual average.

Communist Party of the Soviet Union in January 1961 it has become clear that important changes in the Soviet Seven-year Plan are in prospect.[85]

The New Rumanian Plan, 1960-1965

As can be seen from its targets, the new Six-year Plan of economic development in Rumania, covering the years 1960 to 1965, has as its principal goal — in common with the earlier postwar plans of this and other countries of eastern Europe — the further industrialization of the country.[86] But in contrast with the contemporary plans of other eastern European countries, the Rumanian plan provides for a much faster pace of development of the economy, and of industry and agriculture in particular, in the next few years, than in the preceding six (see Table 13).

National income during the six years is planned to rise by 9.3-10.3 per cent annually. This is a much higher rate than that foreseen for any other country of the area except Albania, where a rather similar rate appears to be planned.[87] Elsewhere planned annual rates of growth range from 6.0 per cent in Hungary to 7.2-7.4 per cent in Czechoslovakia and the Soviet Union. The volume of investment in Rumania is to be approximately twice as large as in the preceding six-year period — in line with the targets for Czechoslovakia and eastern Germany, but above those for Hungary, Poland and the Soviet Union. These goals indicate that, again in contrast with other countries (except Poland), the new Rumanian plan assumes an unchanged marginal capital/output ratio for the whole economy (see Table 14).

Since Rumania was still at a relatively early stage of industrialization in 1960, it is not surprising that returns to investment are not expected to decline as they are in the more advanced countries of the area. None the less, the assumed capital/output ratio incorporates a rather optimistic estimate of the expansion of the non-agricultural labour force. The number of workers and employees, which increased from about 2.8 million in 1953 to 3.05 million in 1959 (by 9 per cent), is to rise by " around one million " (some 33 per cent) in the next six years; [88] and the input of labour in industry is also to be greater — an annual increment of employment of 4.1-4.6 per cent during 1959 to 1965, as against 2.1 per cent during

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[85] For additional targets, announced in Albania and Bulgaria in 1960, see Chapter VI of this SURVEY. It has been stated that 1961 will be the first year of a new five-year plan in Bulgaria, but its details had not been released at the time of writing.

[86] Since the preceding Five-year Plan covered the years 1956 to 1960 inclusive, the two plans have one common year. Together with the 1960-1965 plan, " guiding principles of the programme for long-term development of the national economy " — including some targets to be attained by 1975 — have been published (see the last column of Table 16).

[87] See the SURVEY for 1959, Chapter III, Table 1. Albania and Bulgaria, the two countries at a relatively early stage of industrialization, are not covered by this table; but data for Albania are given in Chapter VI of the current SURVEY, pp. 14-15.

The national income targets of the new plan are presumably expressed in the 1950 prices at which the pre-1960 trend was measured. However, the prices of agricultural products in 1950 were far too low and were subsequently raised. This can be seen by comparing the share of agriculture in the net domestic product in 1959 at 1950 prices (19.3 per cent) and at 1959 prices (37.6 per cent). Since the use of 1950 prices relatively undervalues agricultural output and diminishes the share of this slowly expanding sector, the rate of growth of national income is certainly exaggerated as compared with what it would be if valued at today's prices.

[88] See the speech by Mr. G. Gheorghiu-Dej (*Scînteia*, 21 June 1960). Less than one-half of this number (400-500 thousand) will be obtained by recruitment from the rural population, the remainder coming presumably from higher activity rates, since it is not likely that the working-age population will expand over the period.

TABLE 14

Indicators of changes in capital/output ratios in the 1960-1965 Plan of Rumania

Sector	Increase in output[a]		Volume of investment		Capital/output indicators		Change in ratio
	1953 to 1959 (1953 = 100) Index points	1959 to 1965 (1953 = 100) Index points	1954-1959 Billion lei	1960-1965 Billion lei	1954-1959 (Col. 3)/(Col. 1)	1960-1965 (Col. 4)/(Col. 2)	(Col. 6)/(Col. 5) Index numbers, 1954-1959 = 100
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total economy	54	107	86.2[b]	175[b]	1.60	1.64	102
Industry	75	191	47.7	103	0.64	0.54	84
of which :							
Group A	84	221	42.2	92	0.50	0.42	84
Group B	65	166	5.5	11	0.85	0.66	78

Sources : Calculated from data in plan documents and in *Anuarul Statistic al R.P.R. 1960.*

[a] "Total economy" refers to net national income and "industry" to gross output.

[b] Mid-point of the range quoted in the plan document.

1953 to 1959 — thus contributing to the significant lowering of the marginal capital/output ratio that is expected in industry (see Table 14). This reduction will also be facilitated by two further factors: the faster expansion, compared with that from 1954 to 1959, anticipated for the light and food industries, which have a low capital/output ratio; and the lower share of total industrial investment which will be devoted to capital-intensive oil extraction. But in some industries the ratio is quite likely to increase. This may happen in metallurgy, despite fuller utilization of existing capacities in 1960 and 1961, since the most important investment project — the Galatz Iron and Steel Centre — will scarcely begin operation before 1965 [89] and a big aluminium works with a capacity of 50,000 tons per year will also not be in commission before that year. Lastly, the Rumanian oil wells will require considerable investments merely to maintain the present volume of output.

With national income growing by 70-80 per cent, the approximate doubling of investment outlays forecast for the plan period (compared with the preceding six years) implies an increasing rate of net investment; and this indication is supported by the planned increase of 60-70 per cent in the total consumption fund from 1959 to 1965. The emphasis of the new plan on speedier industrialization is clearly seen in the allocation to industry of as much as 59 per cent of state investment outlays (55 per cent in 1954-1959) whereas the corresponding share in the new plans of Czechoslovakia, eastern Germany, Hungary and Poland ranges from 37 per cent to 46 per cent. Moreover, nearly 90 per cent of industrial investment funds will be expended on producer-goods branches. No change is envisaged in the share of agriculture and transport in total investment; but the proportion devoted to social-cultural outlays is expected to decline, although the share of housing is to rise appreciably, while that of schools, hospitals, etc. will be reduced (see Table 15).

TABLE 15

Structure of state investment in the 1960-1965 Plan of Rumania

Sector	1960-1965		
	Value in billion lei	Percentage distribution	Percentage increase over 1954-1959
Total[a]	170-180	100	98-109
Industry	100-105.8	58.8	110-122
of which : Group A	89.3-94.5	89.3	112-125
Group B	10.7-11.3	10.7	95-106
Agriculture	22.1-23.4	13.0	91-102
Transport	15.6-16.6	9.2	98-111
Socio-cultural purposes	19.7-20.9	11.6	84-95
of which : Housing	12.9-13.7	7.6	143-159

Source : Mr. G. Gheorghiu-Dej's speech at the 3rd Party Congress.

[a] At constant, presumably 1955, prices.

Within total industrial investment, the share allocated to the chemicals industry is to be doubled, and that devoted to the light and food industries somewhat increased, chiefly, it seems, by reducing the joint share of fuel and electric power.[90]

Percentage shares of total industrial investment in Rumania

	1954-1959	*1960-1965 Plan*
Fuel and electric power	43.8	32
Metallurgy and engineering	23.2	23
Chemicals	9.6	20
Light and food industry	8.6	11

Sources: Plan document; *Anuarul Statistic al RPR*, 1960.

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[89] Full-capacity output of 4 million tons of steel will be reached only in 1970.

[90] Largely by a further reduction in the share of the oil industry, which had already fallen from 31 per cent in 1951-1953 to 20 per cent in 1959.

TABLE 16

Development of industry in the long-term plans of Rumania

Percentage increases

Branches, or quantities, of output	Annual rates (cumulative)			Percentage increase 1959 to 1965	1975 multiple of 1959
	1954-1959	1958-1959	1960-1965		
Gross industrial product	*9.8*	*10.0*	*13.2*	*110*	6
Branches :					
Machine-building and metal-processing	14.0	13.1	14.0	120	7
of which : Electrical engineering	11.3	15.8	16.5	150	..
Chemicals (including rubber, cellulose and paper)	16.5 [a]	17.9 [a]	22.0	230	13-14
Building materials	10.8	7.2	12.3	100	..
Light industry	5.8 [b]	4.6 [b]	13.2	110	6-7
Food industry	7.5	6.8	12.3	100	4.5-5
Glass and pottery	10.5	8.6	14.0	120	..
Quantities produced :					
Electric power	12.3	11.8	18.0	170	10
Crude oil (extraction)	3.9	1.1	1.1	7	..
Natural gas	8.8	11.8	14.9	130	..
Steel	12.1	28.1	14.9	130	5-6 [c]

Sources : Plan document; *Anuarul Statistic al R.P.R. 1960.*

[a] Inclusive of rubber, but exclusive of cellulose and paper, the output of which increased at the rate of 8.8 per annum over the years 1953 to 1959.

[b] Textiles only; the clothing industry developed at the rate of 4.7 per annum over the years 1953 to 1959 and footwear by 7.9.

[c] Output in 1970 as a multiple of that in 1959.

Total industrial output in Rumania is planned to be 110 per cent higher by 1965 than in 1959. The branches where faster expansion than the average for industry is foreseen are metallurgy (by 1965 output of steel and non-ferrous metallurgy should be respectively 2.3 and 2.2 times as great as in 1959), engineering (2.2 times), chemicals and electric energy (both 3.3 times).

Output of steel is planned to reach 3.3 million tons in 1965, compared with 1.4 million tons in 1959 and, as mentioned above, the heavy investment envisaged in this sector will bear fruit mainly after 1965. The extraction of iron ore and the mining of coking coal are to be greatly intensified so as to supply about 70 per cent of the needs of the steel industry. Output of copper will increase more than fourfold, that of lead more than twice, and production of zinc to more than 2.4 times the 1959 level.

Production of machines, tools and equipment will be greatly expanded and diversified " according to the requirements of the national economy and taking into account the economic advantages of specialization and co-operation with other socialist countries ". The growth of output in this sector is to be assured mainly by means of a better utilization of existing capacities, re-tooling and modernization. The largest increases are foreseen in output of drilling installations, equipment for the chemicals industry, oil refineries and the building-materials branch, electric diesel locomotives, vessels, machine tools, lorries, tractors, other agricultural machinery, and consumers' durable goods (production of which is planned to treble between 1959 and 1965).

Important changes are planned in the structure of the fuel balance. Extraction of crude oil increased by only 8 per cent from 1956 to 1959 (after more than doubling between 1950 and 1955) to reach a level 73 per cent higher than in 1938; and is now planned to increase yearly by a mere 1 per cent.

This comparatively low target is presumably based on recent experience, which has shown that fast expansion would require an investment effort incommensurate with returns; and this consideration is, of course, strengthened by the expansion of Soviet oil production at a pace surpassing the most optimistic expectations. Coal output is to rise by some 50 per cent; but by far the largest addition to supplies of primary energy is to come from the rise of output of methane gas from 5.8 billion cubic metres in 1959 to 13.3 billion in 1965. The network of gas pipelines will be extended by 1,450 km, or by more than 50 per cent; and an increasing amount of gas is to be used in the chemicals industry — the most rapidly expanding branch.

The output of the food and light industries is to expand as fast as that of industry as a whole, and consumers will also benefit from the development of some chemicals branches, particularly plastics and synthetic fibres. With the notable exception of oil extraction, the planned rates of growth of all industrial branches listed in Table 16 are much higher than those achieved in the last few years. This is particularly true of the light and food industries, chemicals, and basic materials.[91]

Although the plan document lays much stress on the need for increased labour productivity, this factor will make a relatively smaller contribution to industrial expansion than in the recent past (see Table 17). Indeed, for most branches shown in the table (the main exceptions are machine-building and the food industry) higher employment will contribute as much or more: the rates of expansion of employment planned for the forthcoming years are far greater in all branches than during 1955 to 1959.

If the industrial targets of the Six-year Plan appear somewhat optimistic, those for agriculture seem amazingly ambitious. The plan predicts an increase in gross agricultural output by 1965 of 70-80 per cent over the 1959 level,[92] after the following year-to-year changes between 1954 and 1959:

Agricultural output in Rumania

Percentage change from previous year

	1954	*1955*	*1956*	*1957*	*1958*	*1959*
Gross output: [a]						
Total agriculture	+1	+18	−20	+24	−15	+21
Plant production	−3	+21	−25	+35	−22	+29
Animal production	+11	+13	−7	+5	+2	+7
Net output — total [b]	−10	+34	−38	+49	−20	+33

Source: Anuarul Statistic al RPR, 1960.

[a] In 1955 prices.

[b] National income data (in 1950 prices) referring to agriculture and forestry.

TABLE 17

Productivity and employment in Rumanian industry

Percentage increases

	1959 to 1965	1960-1965	1954-1959
		Annual rates (cumulative)	
Total socialist industry			
Output	110	13.2	9.7
Output/man	60-65	8.2-8.7	7.4
Employment	27-31	4.1-4.6	2.1
Building materials			
Output	100	12.3	11.9
Output/man	40-45	5.8-6.4	8.6
Employment	38-43	5.5-6.1	3.0
Machine-building and metal processing			
Output	120	14.0	15.0
Output/man	75-80	9.8-10.3	12.3
Employment	22-26	3.4-3.9	2.4
Chemicals			
Output	230	22.0	17.3
Output/man	80	10.3	11.2
Employment	83	10.6	5.5
Light industry			
Output	110	13.2	3.6 [a]
Output/man	40-45	5.8-6.4	3.3 [a]
Employment	45-50	6.4-7.0	0.3 [a]
Food industry			
Output	100	12.3	6.0
Output/man	70-75	9.3-9.8	5.1
Employment	14-18	2.2-2.8	0.9

Sources: Plan document; *Anuarul Statistic al RPR, 1960.*

NOTE. — In this table employment data are derived from the statistics on output and output/man.

[a] Textiles only.

These wide fluctuations, which are even greater for net than for gross output, illustrate the difficulty of forecasting yields in an agricultural sector which is more than usually sensitive to the caprices of nature and subject to frequent institutional changes.[93] Even though 84 per cent of the arable area was already owned by the state and collective farms by the end of 1960, and special measures, such as irrigation and mechanization[94] will be undertaken to lessen the effects on agricultural output of adverse weather, it is difficult to believe that all obstacles responsible for the slow progress during the fifties can be so suddenly overcome as to permit a steady growth at an annual rate of 9-10 per cent a year, hardly yet realized over a long period.[95] Production of grains amounted to 9.6 million tons in 1955; according to the 1956-1960 plan, it should have increased to 15 million tons by 1960, and the 1965 target is 14-16 million tons. In fact, it rose to 10.6 million tons in 1959 and was 9.8 million tons in 1960, when output was only 22 per cent above the pre-war average. Production of meat was planned to increase from 886,000 tons live weight in 1955 to 1.3 million tons in 1960 but barely amounted to 963,000 tons; and this trend hardly justifies an optimistic view of the 1965 target, which assumes a doubling of meat output during the six-year period (see also Chapter IV, section 5).

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[91] For more detailed output targets for various industrial products, see Appendix Table XII.

[92] The long-term "perspective" plan of development foresees that by 1975 the total value of agricultural output will be 3 times as great as in 1959, of which plant output will be 2.5 times and animal production 4 times as large.

[93] The reasons for this sensitivity are the frequency of droughts in the southern and eastern parts of the country, and the still small share of animal produce in total agricultural output.

[94] Other measures envisaged are a trebling of the tractor park, to reach 100,000 units by 1965, and an increase in supplies of chemical fertilizer from 62,000 tons (pure content) in 1959 to 500,000 tons in 1965. This would make possible an application of 50 kg per hectare of arable land — about the level reached in Bulgaria in 1958-1959, or one-fourth of that in eastern Germany in the same years (see Chapter IV, Table 6).

[95] Of the long-term plans of other countries of the area — apart from the now abandoned Bulgarian targets covering the years 1957 to 1962 — only the Soviet 1959-1965 plan incorporates a rate of expansion of agricultural output (7.8 per cent annually) approaching that foreseen in the Rumanian plan. All other plans envisage a rate of growth of some 3-4 per cent; and, as mentioned in Chapter IV, the performance of Soviet agriculture during the first two years of the plan was far below the planned targets.

Failure to realize the agricultural plan may jeopardize the achievement of the planned rise in living standards: real per capita wages of workers and employees are expected to increase by 40-45 per cent over the period of the plan (about 6 per cent per annum), and the per capita incomes of peasants by 40 per cent. Housing construction is to be much expanded: over 9 million square metres of floor space, or about 300,000 flats, are to be built by the state or by state credits in the urban areas — more than three times as much as the volume constructed during 1954-1959.[96]

The Rumanian plan foresees a doubling of the 1959 volume of external trade by 1965. It stresses that this will be achieved primarily by developing trade with socialist countries, and that trade with the Soviet Union " will continue to hold the main place "; but no details are given in the plan document.[97]

Revision of the Plan Directives in Czechoslovakia and Poland

Whereas the Seven-year Plans of the Soviet Union and eastern Germany were announced during the first year of the plan periods (1959-1965), the Five-year Plan Directives of Czechoslovakia and Poland — covering the years 1961-1965 — were first published a year or more before the economic conditions of the first year of the new plan period were known.[98] Hence it is scarcely surprising that the plans of the two latter countries have had to be modified in the light of the economic results of 1959 and 1960.

In both Czechoslovakia and Poland industry performed better during these two years than expected. Moreover, the over-fulfilment of the industrial plan in Poland was due more to gains in productivity than, as in the past, to above-plan employment. But the optimism inspired by these successes was not the only motive for revising the original targets. In both countries the planned increment in the volume of gross industrial output from 1960 to 1965 has been raised (see Table 18). In addition, the new targets point to some shift of emphasis from the production of consumers' goods to that of producers' goods. The shift is particularly marked in Poland: the target expansion for producers' goods has been adjusted upwards (from 51 per cent to 57 per cent), but that for consumers' goods downwards (from 49 per cent to 44 per cent), and the change seems to be largely the outcome of increased targets for some crude and semi-processed basic materials, particularly chemicals.

TABLE 18

Some indicators of the 1961-1965 Plans in Czechoslovakia and Poland

Index numbers, 1960 = 100

	Czechoslovakia		Poland	
	Directives	Plan	Directives	Plan
National income	142	142-143	140	141
Gross output of industry:				
Total	150	156	150	152
Producers' goods	160	170	151	157
Consumers' goods	130	134	149	144
Gross output of agriculture .	121	122-123	121	122
Real per capita wages . . .	120	125	123-125[a]	123[a]
Volume of retail trade . . .	130	134	..	..

Sources : Plan documents; *Trybuna Ludu*, 11 February 1961.

[a] Wages and incomes.

Some 1965 industrial targets in Poland

Million tons

Product	*Directives*	*Plan project* [a]
Electric power *(million MWh)* . .	43.5-45	45.5
Hard coal	112-113	113.6
Crude steel	9	9.3
Rolled steel	6.05	6.38
Sulphuric acid (H_2SO_4)	1.14	1.32
Phosphorous fertilizers (P_2O_5) . . .	0.36	0.40
Cement	10.00	11.12

[a] As stated in June 1960; they probably differ little from those later incorporated in the Plan.

In Czechoslovakia, targets have been raised particularly for engineering, chemicals, and building materials.

Gross output by industrial branches in Czechoslovakia in 1965

Percentage increases from 1960

Branch	*Directives*	*Plan*
Fuels	29	32
Energy	58	61
Metallurgy	55	58
Engineering	72	83
Chemicals	86	97
Building materials	86	92
Consumers' industrial goods . . .	23	26
Food processing	26	29

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[96] However, in 1958 — the last available year — the floor space constructed from private funds was several times greater than that built with the aid of state finance, and the plan document does not contain any targets for private housing construction.

[97] According to the trade agreement reported in *Scînteia*, 12 November 1960, the volume of trade with the Soviet Union is to be 40 per cent higher in 1961-1965 than in 1956-1960. Another agreement provides for technical aid from the Soviet Union for the construction of the Galatz metallurgical combine, power stations and other enterprises during 1961-1968.

[98] The Polish directives were made public in March 1959. The Czechoslovak directives, announced in September 1959, were little different from the " control figures " presented to the XI Party Congress as early as June 1958.

The rather mediocre agricultural results of 1959 were followed in Poland by pessimistic forecasts for 1960 reflected in the revised Plan Directives.

Output of some agricultural products, and livestock numbers, in Poland in 1965

Product	*Unit*	*1959 Directives*	*1960 revised Directives*
Crops:			
Cereals	Thousand tons	16 100	15 750
Oleaginous plants		192	212
Potatoes		44 000	41 850
Meat (live weight)		3 000	2 870
of which: Pork		2 200	1 990
Beef		550	670
Milk	Million litres	15 400	15 250
Livestock numbers:			
Cattle	Thousand head	10 500-11 000	10 500
Pigs		16 000-16 500	15 000

The Plan itself provides for a 22 per cent rise in gross output from 1960 to 1965, against the 21 per cent of the 1959 Directives. This target may have been based on the actual results for 1960 — which were much better than anticipated at the beginning of the year. If so, the figures shown in the second column above may well have been again revised upwards.

It is now believed that for the attainment of the Plan targets the originally planned volume of agricultural investment will have to be raised and additional funds allocated for the expansion of industrial branches supporting agricultural development, such as those producing agricultural machinery or fertilizers, or providing drainage equipment. The Plan provides for a 93 per cent increase in agricultural investment during 1961-1965 compared with the previous quinquennium, instead of the 53 per cent rise given in the 1959 Directives. Part of the additional investment outlay on industry and agriculture is to come from a cut-back in the housing programme, but house-building will still take about 18 per cent of the planned total (see Table 19).[99]

TABLE 19

The structure of investment outlays in the 1961-1965 Plans in Czechoslovakia and Poland

Percentages

	Czechoslovakia [a]		Poland	
	Directives	Plan	Directives	Plan
Total volume of investment outlay	*100.0*	*100.0*	*100.0*	*100.0*
of which:				
Industry	45.4	45.6	37.7	40.1
Construction	2.3	2.2	2.2	..
Agriculture and forestry	15.2	15.4	13.4 [b]	14.6 [b]
Transport and communications	10.8	10.5	9.2	..
Housing	14.0	13.9	23.1	18.3
Social and cultural establishments	6.0	5.5	6.5	..

Sources : Plan documents; *Plánované Hospodářstvi*, No. 11, 1959, p. 811, and No. 12, 1960, p. 956; *Trybuna Ludu*, 11 February 1961.

[a] At 1959 prices, excluding capital repairs.

[b] Excluding forestry.

In Czechoslovakia the revision of the target rate of growth of agricultural output from 1960 to 1965 was identical with that in Poland; and again it is not clear whether this was based on expectations for 1960 corresponding to the 7 per cent rise over the 1959 level actually achieved or on some less optimistic assessment. The revisions of the investment plan in that country have raised the five-year total (excluding repairs) to Kčs 278.1 billion instead of the Kčs 263 billion foreseen in the 1959 Directives, and agricultural investment proportionately, and the envisaged outlays on social construction, such as schools and hospitals, have been somewhat reduced. Another feature of the revised plan is the increased share of machinery and the reduced share of capital repairs in total gross fixed investment:

Investment outlays in Czechoslovakia, 1961-1965 Plan

Percentage increase over 1956-1960 total

	Directives	*Plan*
Investment outlays (1959 prices):		
Including capital repairs	55	60
Excluding capital repairs	58	67
of which:		
Building and construction	51	55
Machinery and equipment	71	89
Capital repairs	41	27

The planned increase in real per capita incomes in Poland remains virtually unchanged, although the lower limit of the 23-25 per cent range previously forecast is now considered more realistic. But it is now stressed that real wages should rise more slowly in the first years of the quinquennium and faster in its later stages. This timing is governed by the expected trend of agricultural output and by the current tension in the balance of payments; it contrasts with the experience of the preceding (1956-1960) plan period, when two-thirds of the total increase in real wages occurred during the first two years. In Czechoslovakia, the target rise in real per capita wages has been revised upwards from 20 per cent to 25 per cent, and that for retail trade turnover from 30 per cent to 34 per cent.

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[99] The target for dwelling rooms has been reduced from 2.0 million to 1.8 million in urban areas, and from 1.2 million to 950,000 rooms in rural areas. The reductions are expected to affect only state financed housing construction.

Given that in planned economies the concept of national income refers to material product, it is rather surprising that in Czechoslovakia the increased targets for industrial and agricultural output are accompanied by only a negligible revision of the national income target (see Table 18). The explanation is probably that the national income figures refer to "disposable" or "distributed" income — that is, "income produced" *plus* any import surplus or *minus* any export surplus.[100] A much larger increase in external trade turnover is envisaged in the new Czechoslovak plan than in the Directives; and the target percentage increase in imports is raised from 27 to 38 and the corresponding export target from 35 to 57.

For Poland, however, the targets in Table 18 are those for national income produced, and the Plan foresees a rise in distributed national income of only 33.5 per cent. Exports are to be increased by 55 per cent and imports by 27 per cent.

Prospective Revisions of the Soviet Seven-year Plan

Apart from the allocation in 1960 of some 25-30 billion old roubles of additional investment funds for the development of the textiles industry and some other consumer-goods branches, no revisions of the targets of the Soviet Seven-year Plan were published before the end of February 1961. However, the resolution of the Council of Ministers of 24 December 1960, and the statements made by Mr. Khrushchev and some delegates to the January 1961 Plenary Session of the Central Committee of the CPSU [101] not only indicate that some basic proportions of the Seven-year Plan are about to be changed but also throw some light on the direction of these changes.

As was pointed out earlier, Soviet industry greatly over-fulfilled its targets in both 1959 and 1960 — the first two years of the Seven-year Plan; but at the same time agricultural output has fallen far short of the Plan's provisions. In this situation at least three courses are open to Soviet planners. First, the disparity in the relative rates of growth of industrial and agricultural output could be tolerated; this has often been done in the past, both in the Soviet Union and eastern European countries, when industrial plans were over-fulfilled and those of agriculture under-fulfilled. Second, and at the other extreme, the over-expansion of industry could be checked by reducing the planned volume of industrial investment and switching the freed resources to agriculture. Finally, some compromise solution could be sought: for example, the resources accumulated by the over-fulfilment of industrial plans during the first years of the plan period could be devoted to accelerating the expansion of industrial branches working for agriculture; or alternatively, the divergent rates of growth could be accepted as reflecting genuine productivity differentials to be adjusted via international trade. At the time of writing it is uncertain which course will be followed.

The December 1960 resolution of the Council of Ministers [102] stated that, in connexion with the achievements of industry in 1959 and 1960, "it was found indispensable to introduce corrections into the Seven-year Plan in the direction of raising the plan targets in various branches". It is not clear, however, how far these modifications were in line with the policies later enunciated at the January 1961 Plenary Session of the Party Central Committee, when Mr. Khrushchev insisted on the need for proportionate development of the economy and, in particular, emphasized the need to prevent agriculture lagging behind.[103] He went further by arguing that the over-fulfilment of plans, for instance in the production of steel, can be positively harmful to the economy: "If we produce plenty of metals but other branches lag behind — for instance, if not enough bread, butter and other foodstuffs is produced — this will amount to a one-sided development. One has always to remember that the prosperity of a country depends also on indicators other than that of quantity of metals; it depends for instance on the quantity of products which people receive and consume, on output of clothing and shoes, in general on the extent to which all the needs relevant to the life of man are satisfied. Therefore one should not strive to resemble a plaice which sees one side only".[104]

The final resolution of the meeting did not go so far in criticizing the over-fulfilment of industrial plans; but it states that there is scope for a considerable increase, above the levels foreseen in the Seven-year Plan, in investment outlays on the development of agriculture, and in the production of tractors, other agricultural machinery, fertilizers, and building materials. Additional funds will be allocated for these purposes and for large-scale irrigation works to ensure adequate agricultural output every year irrespective of weather conditions.[105] It was subsequently announced that additional funds are also to be spent during 1961-1965 on electrification of agriculture.[106]

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[100] For a more detailed discussion of these concepts, see "A note on some aspects of national accounting methodology in eastern Europe and the Soviet Union", *Economic Bulletin for Europe*, Vol. 11, No. 3, pp. 57-58.

[101] *Pravda*, 21 and 22 January 1961.

[102] *Pravda*, 27 December 1960.

[103] "All communists, all Soviet people, know that it is impossible to build socialism and communism without heavy industry and without electrification. Everybody must realize also that communism cannot be built without a well-developed agriculture, capable of ensuring an abundant supply of products for the population."

[104] In a speech delivered at the Higher Party School on 6 January 1961 Mr. Khrushchev said: "We are not going to follow the policy of developing ferrous metallurgy to the limits of possibility. We will — of course — shift a part of investment funds into agriculture and light industry." (*Pravda*, 25 January 1961.)

However, these goals, which were discussed and approved in January 1961, have not apparently been incorporated in the 1961 plan announced late in December 1960. The investment targets for 1961 provide for state investment in agriculture to increase no faster than total investment (see section 2 above), and investment in ferrous metallurgy is planned to increase by as much as 31 per cent. It is therefore likely that the pending revision of the Seven-year Plan will also affect the current annual plan.

The December resolution of the Council of Ministers, mentioned above, also indicated that long-term planning techniques are being changed. New five-year targets will now be elaborated every year, thus ensuring continuity of planning. It is evidently hoped that these moving targets will help to even out the irregular rhythm of production inherent in rigid five-year plans and will facilitate the planning and execution of investment projects whose time-span exceeds the period of the long-term plan.

6. Manpower Trends in the Soviet Union

The review of the Soviet Seven-year Plan in the last Survey included some discussion of estimated past and likely future rates of growth of the labour supply — based on the data then available and on the findings of an earlier ECE secretariat study of manpower trends in the Soviet Union.[107] The publication of some of the results of the 1959 population census of the Soviet Union,[108] and of other demographic data not hitherto available (such as the age-specific mortality rates, some occupational statistics of the 1939 census, etc.), has now made possible both a more precise assessment of the current manpower situation, and of the changes since 1939 and a somewhat less speculative forecast of future trends.

The Changes from 1939 to 1959

On 15 January 1959, the population of the Soviet Union numbered 208.8 million persons (45 per cent male, 55 per cent female). Twenty years earlier, before the war and territorial changes had played havoc with the Soviet population's size, structure and location, 170.6 million inhabitants were counted, with a more balanced distribution of sexes (48 per cent male, 52 per cent female). In the postwar years preceding the last census, the ratio of men to women was certainly smaller than in January 1959; but by that date the dent on the male side of the age-pyramid, due to differential war losses, had already been largely repaired and this trend towards a better balance of the two sexes will continue, though probably more slowly in future. Thus, the ECE secretariat's new projections show the percentage of men increased to 46.3 by the beginning of 1969, and to 46.9 by the beginning of 1974.[109]

The total working population — a concept which includes members of the armed forces, but excludes family helpers on private agricultural plots, pensioners (living principally on pensions) and students — rose between 1939 and 1959 from 78.8 million to 99.1 million, or somewhat faster than the total population; but the whole of the increase in the ratio of the working to the total population (from 46.2 per cent to 47.5 per cent) was due to the increased employment of women. The importance of this factor is even clearer in relation to the rise of the ratio of the working population to the population of working-age (arbitrarily defined as covering the ages 15 to 59) since this age-specific activity rate has in fact declined among men over the period and risen among women (see Table 20). The fall in the male rate is probably due to the extension of the years of school attendance, which has raised the effective age of entry into the labour force, and to the considerable improvements in old-age pensions granted after the war — particularly in 1956 and subsequently — which has reduced the activity of pensioners. Similar tendencies among women were, however, more than offset by increased activity rates at other ages. As the combined result of changes in the sex and age structure of the population and in the activity rates of the two sexes, as much as 48 per cent of the total working force and 53.4 per cent of the civilian working force consisted of women in 1959. If, moreover, the 9.9 million family helpers in agriculture were counted as gainfully occupied,[110] the share of women in total and in civilian employment would be still greater.

The share of women in the employment of both sexes must have increased over the whole field of activity since before the war; but major scope for them has been provided by the substantial rise of employment in education and health services, from 5.9 per

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[105] See Chapter IV, section 5.

[106] *Pravda*, 23 February 1961.

[107] See the Survey for 1959, Chapter III, section 2; and the Survey for 1957, Chapter VII.

[108] *Vestnik statistiki*, December 1960.

[109] Broadly speaking, the projections are based on the assumption of a further mortality decline and of the maintenance of the general fertility rate — i.e. the ratio of births to the number of women aged 15-49 (for details see Appendix B).

[110] In most countries, unpaid family workers are counted as economically active, but the criteria adopted for determining " activity " in this field vary.

TABLE 20

Activity rates and the working population in the Soviet Union, 1939 to 1974

Millions in January of each year and rates in numbers per hundred working population

	1939 [a]	1959	Projections		
			1964	1969	1974
Total population	170.6	208.8	227.0	245.5	265.4
Males	81.7	94.0	103.8	113.8	124.5
Females	88.9	114.8	123.2	131.8	140.9
Working-age population (ages 15-59)	99.0	127.9	131.9	142.1	152.9
Males	46.7	56.3	59.8	66.2	73.0
Females	52.3	71.6	72.1	75.9	79.9
Total working population [b]	78.8	99.1	102.6	110.1	119.9
Males	44.7	51.5	54.7	60.6	66.8
Females	34.1	47.6	47.9	50.5	53.1
Specific activity rate (working population per 100 population of working age) [c]	79.6	77.5	Remaining at 1959 level		
Males	95.7	91.5			
Females	65.2	66.5			

Sources: Narodnoe khozyaistvo SSSR v 1959 godu; Vestnik statistiki, No. 12, 1960; F. Lorimer, *The Population of the Soviet Union,* League of Nations, 1946; projections by the ECE secretariat.

[a] Pre-war boundaries.

[b] For definition, see Table 1, footnote *b*. The projected figures assume the specific activity rates for males and females constant at the 1959 level.

[c] Total activity rates in 1939 and 1959 were as follows:

Working population per 100 total population

	Both sexes	*Males*	*Females*
1939	46.2	54.7	38.4
1959	47.5	54.8	41.5

cent to 9.9. per cent of the total (see Table 21). This represents additional employment for about 4 million people; and the proportion of women working in these sectors reached 71 per cent by 1959.

It is, incidentally, interesting to note that employment rose over the twenty years about twice as fast in the health and education services as in industry, construction and transport taken together; and the share of the whole "non-productive" sector [111] increased considerably, despite the apparently successful restraint, in recent years, of the growth of the administrative machinery. Thus the tendency for the share of employment in services to rise with growing per capita income — due chiefly to the relatively small scope for mechanization and other forms of technical progress in the "non-productive" sector — has received further confirmation in the conditions of economic development in the Soviet Union.[112]

As can be seen from the figures in Table 21, the decline in the share of material production in total employment between 1939 and 1959 was entirely due to the fall in the share of agriculture from 50.1 per cent to 38.8 per cent. The comparison of absolute levels of agricultural employment is vitiated by differences in the territorial coverage of the two censuses. However, the population within the pre-war boundaries in 1939 was 170.6 million and that within the postwar boundaries is officially estimated to have been 20.1 million greater at the same date: if the proportion of agricultural occupations among this latter group is assumed to have been the same as among the 170.6 million, the 38.4 million employed in agriculture in 1959 may be compared with an estimated 44.1 million on comparable territory in 1939.[113]

Future Trends of the Total and Working Populations

In the discussions in earlier SURVEYS mentioned above, it was argued that the demographic trends in the Soviet Union over the period of the current Seven-year Plan (1959 to 1965) are not on the whole

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[111] This concept includes the following sectors: education, science, health, housing and communal services, administration and finances; it thus differs from the traditional concept of "services" by excluding trade.

[112] This trend is expected to continue "during the Seven-year Plan and beyond" (*Ekonomicheskaya Gazeta*, 7 February 1961).

[113] This 13 per cent decline is not inconsistent with the recorded 17 per cent fall in the rural population, since the dependency ratio in agriculture can be expected to have fallen somewhat, as a result both of increased activity rates and of smaller family size after the war, the latter being largely due to continuous emigration from rural areas. According to the Chairman of the Central Statistical Administration, the total increase in the urban population between 1939 and 1959 — 39.6 million on comparable territory — was made up of 8 million attributable to the natural increase of the urban population, 7 million due to the reclassification of villages into towns, and a net immigration from rural areas of as much as 24-25 million (*Vestnik Akademii Nauk SSSR*, No. 2, 1960, p. 54).

For a discussion of changing labour inputs into Soviet agriculture, see also Chapter IV, section 2 (a).

TABLE 21

Working population of the Soviet Union by sector of activity, 1939 and 1959

Percentage distributions and numbers in January of each year

Sector	1939 [a]	1959		
	Percentage distribution	Percentage distribution	Thousand persons	Percentage of men
Total working population [b]	100.0	100.0	99 130	52
Material production	85.6	81.6	80 862	53
of which :				
Industry, construction, transport and communications	30.1	36.9	36 575	61
Agriculture	50.1	38.8	38 426	46
of which :				
Collective farms [c]	43.5	32.0	31 723	43
State farms and other institutions	4.6	6.7	6 611	59
Individual farms	2.0	0.1	92	35
Trade, catering, government, supplies	4.9	5.2	5 171	39
Non-productive sectors [d]	10.1	14.6	14 453	36
of which :				
Education, science and health	5.9	9.9	9 793	29
Members of armed forces	4.3	3.6	3 623	100
Unspecified		0.2	192	70

Source : Vestnik statistiki, No. 12, 1960, pp. 5 and 6.

NOTE. — For 1939 the total working population is given as 46.2 per cent of the total population; i.e. it would amount to 78.8 million.

[a] Pre-war boundaries.

[b] All occupied persons, except members of families (of collective farmers, workers and employees) working on individual agricultural plots. Pensioners living largely on pensions, and students, are not considered to be occupied.

[c] Excluding those pursuing non-agricultural occupations. It would seem that the latter numbered 557 000 in 1959.

[d] Including education, science, health, housing, communal services, administration and finance.

favourable to rapid economic growth. This prognostication seems to be largely confirmed by the more exact forecasts which can now be based on the demographic data recently published. Between January 1959 and January 1964 the ratio of the working-age population to the total will be reduced from 61.2 per cent to 58.1 per cent, implying a correspondingly higher dependency ratio; and the trend will continue (see Table 22).[114] Still more important is the fact that this decline will be due primarily to a very steep fall over the next five years in the number of young persons aged 15 to 24, which cannot fail to have unfavourable repercussions on the age composition of the labour force and on its mobility.

Expected changes from 1959 to 1974 in the number of persons aged 15-24

Age group	*1959*	*1964*	*1969*	*1974*
	Millions			
15–19	16.9	14.8	22.0	23.8
20–24	20.3	16.8	14.7	21.9

However, two more encouraging developments should be noted. As the result of the postwar upsurge in births, the number of young workers will be rapidly increasing after about the mid-1960s. Secondly, the projections show that the sex ratio, still off-balance at all but the youngest ages in 1959, will have improved substantially by 1964, particularly in the important 20-39 age groups:

TABLE 22

Percentage distribution of population by age groups in the Soviet Union

Age group	Both sexes				Males				Females			
	1959	1964	1969	1974	1959	1964	1969	1974	1959	1964	1969	1974
0-14	29.3	31.3	30.4	29.7	33.1	34.9	33.5	32.3	26.2	28.3	27.8	27.4
15-39	41.2	39.0	37.1	36.4	43.2	41.6	40.0	39.1	39.5	36.8	34.7	34.1
40-59	20.0	19.1	20.7	21.1	16.6	16.0	18.1	19.6	22.8	21.8	23.0	22.5
60 and over	9.4	10.6	11.7	12.7	7.1	7.5	8.4	9.1	11.4	13.1	14.5	15.9
All ages	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
15-59 as percentage of total	61.2	58.1	57.9	57.6	59.8	57.6	58.2	58.6	62.4	58.6	57.6	56.7
40-59 as percentage of 15-59	32.7	32.9	35.8	36.7	27.8	27.8	31.2	33.4	36.6	37.2	39.9	39.8

Source : Appendix Table II.

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[114] The future trend of the total population is more strongly affected by the validity of assumptions underlying the projections shown in Table 22 and Appendix Table XIV than is that of the population aged 15-59, since for the next fifteen years the latter group consists of persons now alive. The number of their survivors is solely a function of mortality, in the absence of external migration, whereas expected changes in the total population depend also on assumptions about future fertility trends. However, the margin of error for the period of the Seven-year Plan must be negligible in either case.

Number of men per 100 women

Age group	*1959*	*1964*
All ages	81.9	84.2
20-24	97.8	101.7
25-29	96.2	97.4
30-34	83.0	95.8
35-39	64.1	82.5

As in other countries which sustained heavy population losses during the two world wars, wide short-term fluctuations of the numbers in particular age groups pose problems of adjustment of pace or pattern in the fields both of economic and of social development. For instance, in the Soviet Union during the last few years the " bulge " has reached the secondary-school ages, with the result that the school-building programme, though formidable, has been insufficient to cope with the above-normal influx of school-children.[115] The tendency has already been mentioned for the occupational and geographical mobility of the labour force to be hampered during the first half of the 1960 decade by the fall in the number of young workers; and the subsequent rapid increase (by more than 7 million, or about 50 per cent, in five years) will confront the planners with an entirely different set of problems, such as the adequacy of facilities for vocational training and of specialized schools. The continuous and rapid increase in the number of persons in the higher age groups calls for intensified attention to the employment problems of the old.[116]

Assuming, as the first approximation, that specific activity rates (the ratios of the working population to the working-age population) will remain constant at the 1959 level, the total Soviet working population in January 1964 will be 102½ million persons, or barely 3½ million persons — 3.4 per cent — more than at the beginning of 1959 (see Table 20). Should the same annual rate of growth of the working population continue for two more years, the end-1965 labour force of the Soviet Union would be about 104 million, or only 5 million more than at the beginning of the Seven-year Plan period.[117]

This represents an annual rate of growth of around 0.7 per cent, which is small by any standards and certainly unusually small by comparison with the rates so far experienced by the Soviet Union throughout its peace-time history. Moreover, the number of " workers and employees " (in non-agricultural employment and in state farms) is planned to increase by around 12 million from 1959 to 1965. Given the estimated increase of the total working-age population by around 5 million and the expected decline in the agricultural labour force by 3 million (see below), about 4 million persons still have to be found to meet this target.

The question thus inevitably arises whether there may still be scope for a further rise in male or female activity rates. Admittedly, these rates are already very high,[118] and it is likely that the factors responsible for the lowering of the male activity rate from 1939 to 1959, described above, will be stronger rather than weaker in the future. On the other hand, the effect of the lengthening of the period of schooling may be somewhat offset in fact, though probably not in the statistics of labour inputs, by the recent introduction of days of practical work, often on the factory floor, in the schools of general education.[119]

An increase in the proportion of women choosing to work is apparently expected during the Seven-year Plan period;[120] and many opportunities for female employment will have to be found east of the Urals since, as indicated below, the bulk of the newly employed labour will be recruited during these years for work in the eastern regions of the country. The

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[115] Apparently in the 1961 plan also the number of new school places falls short of the expected expansion of the school-age population (see speech by O. I. Ivashchenko to the Supreme Soviet, *Pravda*, 22 December 1960). The need to dispense with three-shift working of schools was emphasized in *Soviet News*, 2 September 1960.

[116] Evidence of an increased recognition of the importance of population changes is provided by the recent decision to prepare detailed population projections, for the country as a whole and for its regions, for the next 15-20 years. The work has been entrusted to the Population and Health Department of the Central Statistical Administration, and its methodology was the subject of a special meeting convened in 1960 by the Presidium of the Academy of Sciences of the USSR. In this connexion, a fertility inquiry was also undertaken on a sample basis within the framework of the annual survey of family budgets. (*Vestnik statistiki*, No. 10, 1960, p. 75.)

[117] It is in fact likely that by 1964/65 the rate of growth will have increased somewhat, since in those years the impact of the arrival of increased postwar birth cohorts on the age group 15-19 will begin to be felt.

[118] Divergencies in the coverage and definition of the labour force and in occupational structures make international comparisons difficult. However, if " family helpers on agricultural plots " in the Soviet statistics are added to the " total working population ", a total is obtained which is not very different from the concept of " economically active population " in most other countries. The following data compare these ratios of the economically active to the population of working age in the Soviet Union (1959), the United States (1956) and Poland (1950):

Ratios of economically active population to population aged 15–59

	Soviet Union	*United States*	*Poland*
Both sexes	85.2	65.2	79.7
Males	95.9	95.6	93.1
Females	76.8	35.4	67.7

For the breakdown by sex, an additional assumption has been made for the Soviet Union: that 75 per cent of the " family helpers on agricultural plots " were women.

[119] By the end of the 1959/60 school year, professional training had been introduced in 10,300 general education schools, involving 574 thousand pupils of higher classes (G. I. Zelenko, the Chairman of the State Committee for Vocational Training, *Pravda*, 23 December 1960).

[120] *Sotsialistichesky trud*, No. 10, 1960, pp. 5-6. According to *Ekonomicheskaya gazeta* (7 February 1961), the expansion of boarding-schools (to accommodate 2.5 million students by 1965), the increase in the number of places in kindergartens from 2.3 million in 1958 to 4.2 million in 1965, and the doubling of nursery places, should enable 5-6 million women to take up gainful employment. However, the annual plans were considerably under-fulfilled in this sector during the first two years of the Seven-year Plan.

setting-up of light industries relying on female labour is foreseen in the areas of present concentration of heavy industry (Urals, Kuzbas, Karabanda, Donbas); and in the Urals and West Siberia, for instance, light industrial output is planned to treble over the plan period.[121] Another possible source of additional civilian labour is the military forces. At the 1959 census, the Soviet armed forces numbered 3,623,000; and the dearth of young male workers during the forthcoming few years will provide a potent stimulus for further reductions of military personnel.

The slowing-down of the growth of the working population and its probable lessening mobility during the Seven-year Plan period aggravate the problem of labour supply in the eastern regions. Their rapid development is one of the objectives of the Plan; and it has recently been stated that " according to preliminary estimates, it will be necessary to transfer more than 2 million workers to eastern regions from elsewhere ".[122] Not only industry, but agriculture and building also, will require a net increase in employment in the eastern regions, although for the whole country employment in the last two sectors is planned to decline — in agriculture by " at least 3 million persons ".[123] Moreover, it has repeatedly been stressed that complete success cannot be attained on the collective and state farms of the virgin lands without permanent cadres, and that the mobility of the present manpower is excessively high.[124] But the recruitment of labour for eastern regions has recently been made more difficult by the dissolution of State Labour Reserve Schools and their replacement by a comprehensive system of technical training on the completion of the eight-year school.[125] The former schools served not only to train labour, but to influence its geographical distribution; and during the last few years about 100,000 young graduates of these schools, trained in the west, have been sent each year to the eastern regions. In contrast, the new schools now set up are not, apparently, intended to influence inter-regional labour flows.[126]

The fact that the increase of the labour supply in the proportions, and in the places, required is less certainly assured under the current Seven-year Plan than it was in past plan periods — or may be again in the slightly more distant future [127] — appears to be one factor in the present stress on the need for modernization of equipment and mechanization and automation of production processes, all resulting in savings of human labour.[128] Hence also the increased emphasis on the need for improving the quality of labour and increasing skills.

In this connexion, some of the newly published 1959 census data testify to the tremendous progress made over the period covering the last three population censuses — in 1926, 1939 and 1959 — both in extending general education and in training qualified cadres. Among manual workers the percentage of persons with secondary or higher education rose from 1.5 in 1926 and 4.3 in 1939 to 32 in 1959; and among non-manual workers, as many as 47.6 per cent in 1959 had received more than a secondary-school education. There were 2.2 million college students, and 1.87 million students in technical schools, in 1959, against 168,000 and 181,000 respectively in 1926. The number of metal-workers with technical qualifications increased from around 1 million in 1926 to 4.3 million in 1939 and 9.3 million in 1959, and the number of similarly qualified building workers from 2.5 million in 1939 to 5.1 million in 1959. There were 834,000 qualified engineers in 1959, or about three times as many as in 1939. The number of economists and statisticians increased, however, by only 9 per cent during the last twenty years the smallness of the increase being no doubt a blessing to the country — as it would be to any other.

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[121] *Sotsialistichesky trud*, No. 10, 1960, *loc. cit.* However, according to D. Karpukhin (*Planovoe khozyaistvo*, No. 1, 1960) all-Union employment in the light and food industries will decline by 20 per cent during the plan period.

[122] *Sotsialistichesky trud*, No. 10, 1960, p. 5.

[123] *Voprosy ekonomiki*, No. 11, 1960, p. 61.

[124] See, for instance, a statement by A. Ukubaev, Party Secretary in the *raion* of Barankul (*Pravda*, 25 November 1960) that thousands of people come — at a high cost — to the virgin lands every year from the central regions to help at harvest time; but they refuse to settle, mainly because of the housing shortage and poor social amenities. The same theme was taken up at the January 1961 Plenary Session of the Central Committee of the Communist Party, when the insufficiency of the labour supply, and particularly of qualified agricultural workers, on virgin lands was stressed by *inter alia* T. I. Sokolov. Training of local cadres, he said, does not cover all the needs, and at least during the next two years it will be necessary to import qualified agricultural workers from other regions. (*Pravda*, 13 January 1961). *Voprosy ekonomiki*, No. 12, 1960, pp. 149-152, contained a report on the special meeting convened by the Siberian Branch of the Institute of Economics of the USSR Academy of Sciences on the problems of labour supply in Siberia and in the Far East. The general shortage of labour and its excessive mobility were there stressed, some speakers insisting, however, on the possibility of better utilization of local labour reserves, particularly women, provided labour balance-sheets are improved and the development plans better adapted to the actual concentration of labour reserves.

[125] " Professional-technical " schools are now being set up, which provide training facilities for young people in — it has been said — three times as many lines of specialization as did the Labour Reserve Schools, which trained in 600-700 skills (*Ekonomicheskaya gazeta*, 2 October 1960, p. 2). The new unified system will replace, by the autumn of 1961, the various existing training institutions, such as handicraft schools, FZO and FZU (factory schools), schools for mechanization of agriculture, etc. (*Pravda*, 23 December 1960).

[126] *Sotsialistichesky trud*, No. 10, 1960, pp. 6 and 8.

[127] According to the estimates in Table 20 the annual rate of growth of the working population will increase from 0.7 per cent in 1959-64 to about 1.4 per cent in 1964-1969 and 1.7 per cent in 1969-1974.

[128] For a discussion of the means of productivity improvement, see the SURVEY for 1959, Chapter III, pp. 13-15.

There is, however, still much scope for further improvements in skills and qualifications. It has been pointed out that, although during the last eight years the number of engineering and technical personnel in Soviet industry has increased by more than 40 per cent, their share in total productive employment in industry remained constant, and that with the expansion of automated processes this share must rise. Moreover, of all " engineers and technicians " (the so-called IRT personnel) employed in industry, about 30 per cent have no higher, nor even secondary, technical education, and consist of people who have learned their jobs on the factory floor (*praktiki*).[129] The Seven-year Plan foresees an increase in the number of specialists with completed higher education by about 50 per cent, from some 3 million persons in 1958 to 4.5 million in 1965.

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[129] *Voprosy ekonomiki*, No. 12, 1960, pp. 49-50.

CHAPTER III

SOME PROBLEMS OF AGRICULTURAL DEVELOPMENT: WESTERN EUROPE

1. PRODUCTIVITY AND INCOMES IN AGRICULTURE

(a) Introduction

The efficiency of western European agriculture has progressed rapidly in the last ten years. Agricultural production in most countries had regained pre-war levels by about 1949/50: it has since continued to increase, notwithstanding an almost unchanged area, a steady decline in agricultural employment and only a moderate rise in livestock numbers. Productivity, as measured by crop yields per hectare, animal products per unit of livestock, or output per man, has thus risen considerably — both in north-western Europe, where the general level was already relatively high before the last war, and in the southern European countries, which are still in the early stages of transition from subsistence farming to commercial agriculture. This study does not set out to examine in detail the advances in the physical productivity of western European agriculture. These advances, and regional and national differences governed by soil

TABLE 1

Agricultural production, arable area and livestock in western Europe

Country	Agricultural production [a] in 1956/57-1958/59		Share of livestock products in total output in 1958 or 1959	Agricultural area [b] in 1958				Livestock units in 1956-1959 [c]			
	Total	Animal		Total	*of which:* Arable	Total	*of which:* Arable	Total	Excluding horses, mules and asses	Total	Excluding horses, mules and asses
	Index numbers 1949/50-1952/53=100		*Percentage*	*Thousand ha*		*Index numbers 1951=100*		*Millions*		*Index numbers 1949-1952=100*	
European Economic Community											
Belgium-Luxembourg	120	125	62	1 862	1 076	97	96	2.93	2.74	114	118
France	119	127	64	29 700	21 200	..	..	20.51	18.55	110	114
Western Germany	124	132	71	14 227	8 587	101	101	15.13	14.20	105	110
Italy	119	122	37	20 986	15 864	102	102	10.70	9.67	96	100
Netherlands	120	132	69	2 335	1 066	99	98	3.79	3.59	120	123
Other N.W. Europe											
Austria	132	141	65	2 860	1 770	101	102	2.87	2.68	101	105
Denmark	118	121	82	3 059	2 762	97	101	4.45	4.21	113	121
Finland	117	..	88	2 894	2 611	98	105	2.02	1.75	99	105
Ireland	114	121	81	4 774	1 418	102	112	4.68	4.39	105	108
Norway	108	108	78	1 015	839	98	103	1.92	1.79	96	99
Sweden	96	99	79	3 782	3 598	100	97	2.87	2.60	97	102
Switzerland	112	115	72 [d]	1 188	445	103	103	1.82	1.72	106	109
United Kingdom	122	135	78	12 541	7 092	100	97	14.26	14.01	109	112
Southern Europe											
Greece	139	162	..	3 625	3 535	102	102	3.36	2.62	126	127
Portugal	110	102	22	4 400	4 130	..	..	1.93	1.61	99	101
Spain	114	..	29	21 882	20 585	..	104	9.27 [d]	7.20 [d]	92 [e]	94 [e]
Turkey	133	112	..	27 318	24 145	..	145	18.53	16.24	119	120
Yugoslavia	133	147	41	15 067	8 327	108	107	8.00	6.60	105	103

Sources : OEEC, *Agricultural and Food Statistics*, and *Statistical Bulletins*; FAO, *Production Yearbook*, and *Bulletin of Agricultural Economics and Statistics*; ECE/FAO, *Output, Expenses and Income of Agriculture*, Geneva (to be published in 1961); and national statistics.

[a] Index numbers of final commodity output (excluding double counting of all domestic products utilized for animal feed or seed).

[b] Excluding rough grazing.

[c] The coverage and conversion factors used are the following: horses, 1.0; mules, 0.7; asses, 0.5; cattle, 0.8; pigs, 0.25; goats and sheep, 0.1; poultry, 0.01.

[d] 1955.

[e] 1955 over 1950.

and climatic conditions as well as economic and social factors, have been canvassed thoroughly in recent reports by the ECE/FAO Agriculture Division, the European Economic Community and the Organization for European Economic Co-operation, and in numerous other studies.[1] Hence, only some major features are summarized here as a background for the ensuing discussion of efficiency and incomes in western European agriculture.

Agricultural production — measured, as in Table 1, by indices of final commodity output, excluding double counting of domestic products utilized for animal feed or seed [2] — has increased in the last ten years at an average rate of some 2.8 per cent in the EEC countries, which produce about two-thirds of western Europe's total output. Expansion has been slightly slower in the rest of north-western Europe,[3] but rather faster in some southern European countries, where efforts to improve agricultural yields have only recently begun to bear fruit. Increasing livestock output, which represents a large share of total agricultural output in most western European countries, has been — with rare exceptions — the principal constituent of the expansion. Although the quantities of home-grown feed that are transformed into animal products cannot be measured directly from indices of agricultural production, it is clear from an analysis of data on total crop production and feed balances that their output, too, has increased considerably.

Most of the potentially productive land in western Europe, at least in the north-west, is already cultivated, and changes in agricultural and arable areas in the past ten years have been very small. Whatever new land is brought under cultivation barely compensates for the loss of land to other uses — the construction of roads and airfields, the spread of towns and villages, etc. In some countries there seems to be a tendency even to abandon marginal land, although statistics are slow to register this process. The arable area has been significantly extended only in Turkey, where 8.4 million hectares were added between 1951 and 1958. Land melioration work (e.g. drainage, reclamation, flood control and irrigation) is carried out in all

TABLE 2

Agricultural yields in western Europe, 1956-1959

Quintals per ha, kilogrammes per cow, and index numbers

Country	Wheat		Barley		Maize		Sugar-beet		Milk	
	Quintals per ha	*Index numbers 1949-1952 = 100*	*Quintals per ha*	*Index numbers 1949-1952 = 100*	*Quintals per ha*	*Index numbers 1949-1952 = 100*	*Quintals per ha*	*Index numbers 1949-1952 = 100*	*Kilogrammes per cow*	*Index numbers 1949-1952 = 100*
European Economic Community										
Belgium-Luxembourg	34.4	105	33.8	110	45.6	112	379	105	3 785	111
France	22.8	125	24.2	149	26.6	203	299	112	2 252	116
Western Germany	30.9	114	28.3	114	28.7	125	372	116	3 167	121
Italy	18.4	117	12.6	120	29.3	159	307	114	2 062	119
Netherlands	36.5	97	38.7	110	32.9	100	417	98	4 060	108
Other N.W. Europe										
Austria	22.0	122	22.0	126	30.4	143	362	153	2 392	125
Denmark	38.8	107	35.4	102	—	—	347	103	3 606	107
Finland	16.1	104	15.8	103	—	—	182	86	2 785	124
Ireland	28.8	121	30.6	118	—	—	266	104	2 281 [a]	117 [a]
Norway	22.5	115	24.0	106	—	—	—	—	2 754 [a]	122 [a]
Sweden	22.8	111	23.3	107	—	—	364	110	2 850	101
Switzerland	29.7	107	29.2	117	—	—	438	121	3 191	109
United Kingdom	32.3	117	28.4	112	—	—	313	116	2 941	106
Southern Europe										
Greece	14.7	143	12.4	124	11.6	126	—	—	. .	. .
Portugal	8.2	105	6.1	75	8.6	103	—	—	1 456	104
Spain	10.6	122	11.9	101	22.2	139	227	130	1 390	. .
Turkey	10.6	110	12.6	113	12.4	101	164	80	. .	. .
Yugoslavia	14.2	122	12.9	137	19.4	159	229	196	1 097	119

Sources : FAO, *Production Yearbook* and *Bulletin of Agricultural Economics and Statistics*; OEEC, *Agricultural and Food Statistics*; and national statistics.

[a] 1956-1958.

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[1] See, for example, ECE/FAO, *European Agriculture in 1965*, Geneva 1960; OEEC, Ministerial Committee for Agriculture and Food, series of *Reports on the Agricultural Policies in Europe and North America, 1-5*, Paris 1956-1960; P. Lamartine Yates, *Food, Land and Manpower in Western Europe*, London 1960.

[2] Throughout this chapter, unless otherwise specified, agricultural production or output refers to this concept and *not* to value-added in agriculture.

[3] Sweden is the only country where output has declined in the period under review — as a result of deliberate policy.

countries, but is important for raising output only in southern Europe. With some exceptions, such as Belgium, Denmark, the Netherlands, Greece and Turkey, total numbers of livestock have risen moderately in most countries; the steep decline in the numbers of horses in north-western Europe has, of course, affected the total, but even if productive livestock alone is taken into account increases have been much smaller than in total animal production.

Changes in the basic productive resources of land and livestock have thus been of minor importance in the last ten years: it is evident that improved yields per hectare and, it would appear, per animal, have contributed most to the general upward trend in agricultural production. Changes in average yields of some basic crops and of milk per cow between 1949-1952 and 1956-1959 are set out in Table 2 to illustrate this point; in some cases the percentages shown may be appreciably affected by the inclusion of one or two exceptionally good or bad years in the periods of reference, yet the figures seem generally representative of the development. Animal yields, especially those of meat, are usually more complicated to measure statistically than crop yields.[4] For some countries, where basic data permit the calculation of turnover per animal in the herd, the tendency towards higher meat yields can, however, be demonstrated easily. Besides the milk-yields data mentioned above, a rough indication of increases in livestock productivity is obtained by comparing the indices of livestock production and livestock units in Table 1.

Many factors have contributed to the general improvement in the physical productivity of agriculture: more and better means of production (in the form of chemical fertilizers, pesticides, machinery, etc.), technological advances, structural improvements, and the dissemination of knowledge concerning better agricultural methods. Most of them involve an increase in input items of various kinds, many of which are difficult to measure; some of the more easily accessible input indicators have been summarized in Table 3.

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[4] Average slaughter weights, for example, should not be taken at their face value: consumer preference for leaner pigmeat has led to a general decrease in unit weights; and, for cattle, a greater proportion of young animals in total slaughterings automatically brings down average weights and *vice versa.*

TABLE 3

Fertilizers, machinery and horses in western Europe, 1959

Country	Fertilizers [a]		Tractors [b]		Horses, mules and asses [c]		Combine harvesters		Milking machines	
	Per ha of arable land		Per thousand ha of arable land				Per thousand ha of cereals area		Per thousand cows	
	Kilogrammes	*Index numbers 1950=100*	*Numbers*	*Index numbers 1950=100*	*Numbers*	*Index numbers 1950=100*	*Numbers*	*Index numbers 1950=1*	*Numbers*	*Index numbers 1950=100*
European Economic Community										
Belgium-Luxembourg	327	116	35.9	427	170	72	3.7	3	32.2	255
France	96	175	29.2	449	98	80	4.2	7	16.4	200
Western Germany	278	164	80.9	496	106	58	5.9	168	35.3 [d]	360 [d]
Italy	54	174	13.1	354	61	66	0.5	..	..	..
Netherlands	461	109	43.4 [e]	185 [e]	189	79	3.7 [f]	2 [f]	25.0 14.9 [d]	.. 591 [d]
Other N.W. Europe										
Austria	119	238	59.1	704	103	63	8.5	110	19.4 [e]	936 [e]
Denmark	138	148	34.8	552	76	41	4.7	16	96.6 [d]	184 [d]
Finland	63 [e]	140 [e]	31.4	616	100	61	5.0	28	27.3	728
Ireland	113	157	21.8 [g]	212 [g]	194	58	..	..	..	..
Norway	169	130	50.1	374	139	59	20.0	18	64.3	657
Sweden	84	138	41.7	244	64	54	16.0	3	98.1	146
Switzerland	207	151	83.1	204	236	77	..	..	6.3 [h]	770 [h]
United Kingdom	180	149	59.1	133	31	34	17.0	5	65.5	354
Southern Europe										
Greece	31	238	4.3	358	279	156	0.7	3	..	..
Portugal	38	172	1.9	..	82 *	96 *	0.2	7	..	..
Spain	29	242	2.1	300	77 [f]	79 [f]	0.4	..	..	..
Turkey	1	..	1.7	170	94	77	0.5	14	..	..
Yugoslavia	33	1 500	3.8	475	164	107	..	..	0.17	..

Sources: FAO, *Production Yearbook* and *Bulletin of Agricultural Economics and Statistics*; OEEC, *Agricultural and Food Statistics*; and national statistics.

[a] In terms of plant nutrient.

[b] Tractors in agriculture, excluding garden tractors.

[c] Mules and asses have been converted into horse units at a rate of 0.7 and 0.5 respectively.

[d] Number of milking-machine installations per thousand cows; Netherlands — 1958.

[e] 1958. [f] 1955. [g] 1956. [h] 1957.

In crop cultivation the increased use of chemical fertilizers has undoubtedly been very important; a close correlation is observable between developments of certain crop yields and fertilizer application per hectare. The data in Table 3 show clearly the striking increases in the application of fertilizers in many countries, even in those where it was already high at the beginning of the fifties.[5] Plant breeding has also done much to raise yields in European agriculture by the development of new high-yielding varieties. Notable progress has been made in evolving improved strains of wheat and barley — an advance which has promoted, and the results of which are enhanced by, the extensive shift from the cultivation of rye to wheat and from oats to barley in north-western Europe.[6] Similarly, the introduction of hybrid maize in southern European countries has produced a considerable increase in average yields.[7] The more widespread use of improved strains owes much to certified seed. Numerous measures to reduce harvest losses, for example by the application of pesticides, etc., have also significantly affected the volume of crop production.

For the livestock sector a similar series of improved techniques and practices may be enumerated. Greater use of concentrated feed and feed mixtures, advances in animal breeding, artificial insemination, and health control — including campaigns for the complete eradication of certain diseases such as tuberculosis and foot-and-mouth disease amongst cattle — have all contributed greatly to the raising of livestock yields.

The rapid replacement of animal draught power by tractors and the increasing use of all sorts of machinery has facilitated an extensive outflow of labour from the agricultural sector[8] as well as an increase

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[5] The actual amounts of fertilizers applied per hectare of arable or agricultural land are never fully comparable between countries. In some advanced countries fertilizers are applied not only on arable land but also on permanent grassland, whereas in less advanced areas only certain crops are fertilized.

[6] In 14 European countries the total area sown to barley increased by 34 per cent between 1949-1953 and 1954-1958, whereas that sown to oats decreased by 13 per cent, the total change in area being 3 per cent (see ECE/FAO, *European Agriculture in 1965*, Annex II, p. 28).

[7] In Italy, hybrid maize yielded 51.8 quintals per hectare in 1958 and other varieties only 20.7 quintals; the area sown to hybrid maize increased from 3.6 per cent in 1949 to 30.1 per cent in 1958. In Yugoslavia, average yields from hybrid maize amounted to 46.2 quintals in 1959, and those of other varieties to only 22.2 quintals, while the area sown to hybrid maize increased from almost nil in 1955 to 17 per cent in 1959. (*Ibid.*, Annex II, p. 26.)

[8] See Table 8 below.

TABLE 4

Structure, by size, of agricultural holdings in western Europe

Country	Year	Total holdings		Dwarf holdings			Small holdings		
		Thousands [a]	*Percentage change* [b]	*Size of holdings (ha)*	*As percentage of total* [a]	*Percentage change* [b]	*Size of holdings (ha)*	*As percentage of total holdings, excluding dwarf holdings* [a]	*Percentage change* [b]
European Economic Community									
Belgium	1950	990.9	..	0-1	73	..	1-10	77	..
France	1942, 1956-1957	2 267.7	−4.8	0-2	17	−7.8	2-10	47	−5.6
Western Germany . .	1949, 1959	1 840.1	−8.8	0-2	34	−6.5	2-10	66	−17.1
Italy	1947, 1955	4 657.6	+10.6	..	..	..	0.5-10	93	+10.6
Netherlands	1950, 1959	230.3 [c]	−4.6 [c]	..	..	..	1-10	65	−9.7
	1955, 1959	290.7	−2.1	0.01-1	21	0	1-10	65	−6.5
Other N.W. Europe									
Austria	1951	432.8	..	0-2	24	..	2-20	80	..
Denmark	1949, 1956	199.1	−3.6	..	..	..	0.55-10	47	−8.3
Finland	1950, 1959	388.0	+8.7	0.25-2	27	0	2-10	72 [d]	..
Ireland	1949, 1955	378.7	−0.2	0-2.02	24	+4.6	2.02-12.14	50	−4.3
Norway	1949	345.1	..	0-2	58	..	2-10	86	..
Sweden	1951, 1956	332.9	−12.0	0.25-2	19	−32.4	2-10	64	−8.0
Switzerland	1939, 1955	205.7	−13.8	0-2	32	−15.4	2-10	69	−18.3
United Kingdom . . .	1952, 1958	495.2	−6.1	0.4-2.02	19	−15.5	2.02-6.1	25	−10.3
Southern Europe									
Greece	1950	1 312.0	..	0-2	60	..	2-10	93	..
Portugal	1952-1954	801.2	..	0-1	50	..	1-10	90	..

Sources : National statistics.

[a] In latest year available, as indicated.

[b] Percentage change in number of holdings between the two years indicated.

[c] Holdings above 1 ha.

[d] Refers to 1950.

in the volume of production. The growing number of tractors, combine harvesters, and milking machines used in western European farming during the last decade is shown in Table 3.

The structure of holdings in western European agriculture is a serious hindrance to the full economic utilization of new methods and means of production. Small holdings still preponderate, as is shown in Table 4, even when dwarf-holdings — the occupants of which usually have their main occupation elsewhere — are excluded. Rationalization has been undertaken in many countries, however; and where data permit a comparison within the last ten-year period, the number of holdings below 10 hectares — which may be considered as roughly the minimum size for an economically viable farm in north-western Europe — is dwindling fast. For southern Europe the problems of farm size and of fragmentation of holdings is an even greater obstacle to progress in the long run.

The technical advances and structural improvements referred to above have yielded large increases in output per hectare, and even more in output per man. But these conventionally used measures of productivity in agriculture are unsatisfactory indicators of agricultural efficiency and costs: to measure productivity in terms of either of these two inputs is statistically convenient and may have given fairly accurate results in the days of traditional farming when few other inputs were used; now the increasing importance of fertilizers, feed purchased from outside the farm sector, machinery *et tutti quanti*, have rendered a measure of agricultural productivity in terms of land

TABLE 5

Volume of agricultural output and current operating expenses in western Europe, 1957-1959

Index numbers, 1950-1952 = 100

Country	Agricultural output	Current operating expenses	*of which :* Feed and seed	Fertilizers and pesticides	Fuels, lubricants and electricity	Maintenance and repairs	Other
European Economic Community							
Belgium	123	118	119	101 [a]	131		
France [b]	117	160	169	183	195	183 [c]	122
Western Germany [b]	121	148	248	151	182	99	114
Italy [d]	122	145	161	148	175	125	
Netherlands	127	160	207	117	129	100	119
Other N.W. Europe							
Austria [b]	126	121	125	190	263	82	161
Denmark [e]	*119*	*146*	*131*	*142* [a]	..	..	..
	107	*102*	97	117 [a]	122	95 [f]	107
Finland [g]	109	133	88 [h]	145 [a]	288	96	100
Ireland [i]	105	109	109	127 [a]	128 [j]	113 [c]	100
Norway [b]	113	137	140	124 [a]	385 [j]	..	127
Sweden	98	112	120 [h]	124	139	90	98
Switzerland	..	..	..	..	..	..	..
United Kingdom	*139*	*167*	*191*	*168* [a]	*109*	145 [c]	*159*
	113 [k]	120 [k]	133 [k]	115 [k]	..	..	..
Southern Europe							
Greece	..	..	..	..	..	..	..
Portugal [b]	*115*	*118* [l]	..	..	..	..	..
Spain [b]	122	189	223	186	251	105	150
Turkey [b]	133	150	152 [h]	*560*	..	155	*167*
Yugoslavia [g]	*188*	*297*	*70*	*669*	*336*	*229*	*172*
United States	*100*	*113*	*109*	*121*	*125*	*119*	*109*

Source : ECE/FAO, *Output, Expenses and Income of Agriculture*, Geneva (to be published in 1961).

NOTE. — Agricultural output refers to final commodity output (excluding double counting of all domestic products utilized for animal feed or seed). Current operating expenses refer to purchases from non-agricultural sectors only and exclude labour costs. Figures in italics refer to value.

[a] Fertilizers only.

[b] 1957-1958.

[c] Machinery maintenance only.

[d] 1951-1952 = 100.

[e] Upper row: 1957-1958 over 1951-1952. Lower row: 1957-1958 over 1954-1955.

[f] This figure is under revision, and is probably too low.

[g] 1957-1958 over 1951-1952.

[h] Feed only.

[i] 1957-1958 over 1953-1954.

[j] Fuels and lubricants only.

[k] Index number of volume: 1953 = 100.

[l] Including subsidies.

or labour alone of limited interest. It is far from certain that higher output per hectare, and/or per man, is equivalent to lower unit costs, even if changes in the relative prices of inputs and output are ignored.

The remainder of this section considers, therefore, the change in " total agricultural productivity ", i.e. the change in total output in relation to that in all inputs, since the early fifties; then an attempt is made to assess changes in factor incomes in agriculture, both absolutely and in relation to incomes in other sectors.

(b) The improvement in agricultural efficiency

Current Non-labour Inputs

The continuing commercialization of western European agriculture is illustrated in Table 5, where the increases, at constant prices, in various current operating expenses (other than labour) are shown.[9] With few exceptions the total volume of current inputs rose more during the last decade than agricultural output. By and large, feed and seed, fertilizers and pesticides, and fuel, lubricants and electricity are the inputs that have risen most — though to varying degrees; maintenance, repairs, and miscellaneous items have lagged behind.

Owing principally to this development — relative price changes were of only minor significance and frequently offset part of the relative increase in the volume of inputs [10] — the share of current operating expenses in the value of agricultural output (shown in Table 6) rose almost everywhere. In 1957-1959 this share amounted typically to some 25-35 per cent in the countries of north-western Europe, reaching almost 40 per cent in the Netherlands and nearly 50 per cent in the United Kingdom. But the share varied between only 10 and 20 per cent in southern European countries including Italy, reflecting the far greater importance of subsistence farming, the lower degree of mechanization, and the more restricted use of fertilizers in these countries.

Beyond a certain level, however, these percentages inadequately indicate the technical advances of agriculture in the individual countries: closer analysis is necessary in order to discover their significance. Although livestock products generally constitute more than two-thirds of total agricultural output in north-western Europe, for example, countries differ in the degree to which they process imported feed or rely on domestic resources of feed. This decisively affects the relative shares of current non-labour inputs. Feed and seed purchased from abroad and from other sectors account for as much as 50-60 per cent of total current operating expenses (excluding labour) in Belgium, Ireland, the Netherlands, Norway and the United Kingdom, but for much less in France, Finland and Sweden. Nevertheless, larger purchases of feed and seed outside the domestic agricultural sector have been important in countries where the share of current non-labour inputs in agricultural output has increased most rapidly. In western Germany and the Netherlands they have more than doubled in the period under review; they have also risen steeply in France, Italy, Norway, the United Kingdom and probably in Spain and Turkey. In contrast, a tendency towards greater self-sufficiency in feed is clear in Finland, and probably also in Yugoslavia, where the volume of purchases has declined.

Basic data are deficient and have to be interpreted with care; but they suggest that increasing use of fertilizers (including pesticides in some countries) and energy (comprising fuel, electricity and lubricants) has greatly swollen the volume of current operating expenses in the last ten years, especially in France, western Germany, Italy, Austria, Finland and Norway. This is also true of some southern European countries, where vigorous efforts are being made to modernize traditional agriculture; the data available for Greece, Spain and Yugoslavia illustrate this development.[11] In countries where both the average consumption of fertilizers per hectare and the mechanization of farming were already at a relatively high level in the early fifties, increases have been less pronounced. Purchases of materials of industrial origin generally absorb from 5 to 10 per cent of agricultural output. Fertilizer costs predominate; energy accounts (except in Sweden and Finland) for only 3 per cent or less of agricultural output, even in already highly mechanized countries.

Statistics relating to outlays on maintenance and repairs are unsatisfactory. In the few countries with highly mechanized farming for which the data appear to be more or less complete, the share of these outlays in total agricultural output is about 6-7 per cent. The volume of upkeep has tended to decline during the decade, but its price has everywhere risen with mounting labour and material costs.

On balance, then, changes in the pattern of current operating expenses have resulted in a larger increase in the volume of current non-labour inputs than in agricultural output. In contrast, as will be shown below, labour inputs — both of hired workers and family workers — have declined absolutely, and *a fortiori* in relation to output. Changes in capital equipment (broadly defined), which is the third major

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[9] Current operating expenses, or current inputs, refer to purchases from non-agricultural sectors only, and — unless otherwise specified — exclude labour costs.

[10] See Table 10 below; owing to offsetting price changes the share of current operating expenses rose even in Austria and Belgium.

[11] For Greece, see Table 3.

TABLE 6

Structure of current operating expenses in western European agriculture

Value in percentages

Country	Total		Feed and seed	Fertilizers and pesticides	Fuels, lubricants and electricity	Maintenance and repairs	Other
	As share of agricultural output		As share of total current operating expenses				
	1950-1952	1957-1959					
European Economic Community							
Belgium	32.6	33.7	59.5	17.8 [a]	22.8		
France [b]	18.7	21.2	6.5	27.6	13.9	9.4 [c]	42.6
Western Germany [b]	26.6	30.4	30.8	19.9	9.8	28.0	11.5
Italy	13.6 [d]	15.2	33.9	25.6	5.4	35.1	
Netherlands	32.8	39.3	58.9	15.5	4.6	10.7	10.3
Other N.W. Europe							
Austria [b]	25.2	26.3	24.3	13.7	10.8	27.1	24.1
Denmark [b]	22.0 [d]	26.9	34.6	19.5 [a]	7.9	11.3 [e]	26.8
Finland	20.7	24.4	21.1 [f]	31.4 [a]	29.2	17.8	0.4
Ireland [b]	25.4 [g]	27.4	48.9	20.8 [a]	9.9 [h]	3.5 [c]	16.9
Norway [b]	25.5	30.4	59.8	17.4 [a]	5.7 [h]	..	17.1
Sweden	27.6	32.1	23.5 [f]	22.6	17.1	23.0	13.8
Switzerland [i]	33.7 [d]	35.1	29.3	10.0	6.1	34.2	20.4
United Kingdom	41.7	49.9	49.7	12.7 [a]	7.9	9.2 [c]	20.6
Southern Europe							
Portugal [b]	10.0	10.3 [j]	..	..	..	..	..
Spain [b]	9.9	12.3	39.8	37.2	7.9	9.2	5.5
Turkey [b]	19.2	20.1	29.2 [f]	2.5	..	6.5	0.3
Yugoslavia [b]	6.2 [g] 1953-54	9.7 1957-58	4.5	51.2	13.4	16.5	14.4
United States	38.5	43.4	30.8	9.8	10.5	14.0	34.8

Source : ECE/FAO, *Output, Expenses and Income of Agriculture*, Geneva (to be published in 1961).

NOTE. — Current operating expenses refer to purchases from non-agricultural sectors only, and exclude labour costs. Agricultural output refers to final commodity output (excluding double counting of all domestic products utilized for animal feed or seed).

[a] Fertilizers only.

[b] 1957-1958.

[c] Machinery maintenance only.

[d] 1951-1952.

[e] This figure is under revision, and is probably too low.

[f] Feed only.

[g] 1953-1954.

[h] Fuels and lubricants only.

[i] 1955.

[j] Including subsidies.

category of inputs, are much more difficult to evaluate. The use of some types of machinery, such as tractors, combines and milking machines, has spread rapidly in western Europe during the last ten years and this could lead one to infer a large increase in total capital inputs in agriculture. Such an inference overlooks, however, the large part of agricultural capital that consists of structures, livestock and other inventories — in addition to land if it is treated as capital and not as *sui generis*.

Capital Inputs

An attempt has therefore been made — the rough results are shown in Table 7 — to measure the increases in total capital inputs in agriculture, rather than in only a few types of equipment. These estimates are based on figures of capital stock at some year during the fifties, extrapolated backward and forward with investment data (at constant prices).[12] Apart from the general paucity of the data, difficulties arise in evaluating depreciation, which — with rapid growth of investment and a long lifetime of assets — tends to under-estimate the increase in productive capacity resulting from investment. Two sets of indicators are therefore shown — (A) and (B), for machinery and structures only, of which one refers to changes in capital inputs based on gross investment and the other on net investment. As will be seen, they differ widely. It is likely that the indicator based on gross investment somewhat overestimates, but nevertheless more closely approximates, the growth of capital — in an input or production sense — in agriculture.

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[12] Investment data were taken from information given in government replies to special questionnaires; see ECE/FAO, *Output, Expenses and Income of Agriculture*, Geneva (to be published in 1961).

TABLE 7

Indicators of capital inputs in agriculture, 1957-1959

Index numbers of volume, 1950-1952 = 100

A = Based on capital stock figures extrapolated with *gross* investment figures.
B = Based on capital stock figures extrapolated with *net* investment figures.

		Austria [a]	Belgium	France	Western Germany	Netherlands	Norway	Sweden	United Kingdom
Machinery	A	..	160	111	212	153	245	155	298
	B	..	129	100	154	95	146	117	125
Structures	A	..	..	105 [b]	122	126	129	109	..
	B	..	..	99 [b]	104	112	102	100	..
Total fixed assets	A	140	..	..	156	135	143	123	..
	B	120	..	..	123	106	107	105	..
Total fixed assets plus land	A	119	..	108	137	110	133	117	..
	B	109	..	100	115	103	106	104	..
Livestock		..	107	..	105	108	112	90	..
Total inventories		101	..	104	..	..	106	..	103
Total capital inputs (including land)	A	117	..	107	128 [c]	107 [c]	128	113 [c]	..
	B	108	..	100	112 [c]	104 [c]	106	102 [c]	..
Total capital inputs (excluding land)	A	131	(120 [c])	..	138 [c]	126 [c]	134	116 [c]	..
	B	115	(105 [c])	..	116 [c]	110 [c]	107	102 [c]	..

Sources and methods : See Appendix B.

[a] 1957-1958.

[b] Including land.

[c] Excluding inventories other than livestock.

It is apparent from Table 7 that increases in machinery inputs have generally greatly exceeded those of any other capital input, but have been smaller than the physical indicators of increases in stock of certain machinery might have suggested; the available data show only modest increases in structures and very small increases in livestock.[13]

The data on outlays on land improvement provided by a few countries seem to indicate that such outlays have had only a slight effect on the total volume of " land inputs ". The coverage of the data is rather doubtful — they may relate only to expenditure by the farm sector itself and exclude public expenditure but, on the other hand, represent large-scale maintenance rather than new investment; yet it seems unlikely that total outlays on land improvement significantly increased land inputs — at any rate in north-western Europe. This may not be true of some southern European countries, for which no data are shown,[14] although even there the net addition may be relatively small if expenditure on land improvement proper is considered, rather than on rural development schemes as a whole. Additions to area through reclamation have certainly been small — and frequently negative — except in Turkey, as was mentioned above. For the countries of north-western Europe shown in the table it seemed justified, however, to assume that there has been no significant change in inputs of " land " during the period considered.

These partial data have finally been combined, where possible, into a composite indicator of all capital inputs, on both a " gross " and " net " basis, and excluding or including land. The " gross " indicator (excluding land) suggests an overall increase in capital inputs of between 30 and 40 per cent in Austria, western Germany and Norway, of some 25 per cent in the Netherlands, and of 15 per cent in Sweden;[15] this is everywhere (except apparently in France) a much smaller increase than that in machinery. The contrast is accentuated if land is also included. It seems reasonable to conclude that, as a rough order of magnitude and with no great accuracy claimed for the figures, inputs of capital (including or, if preferred, *plus* land) may have increased by some 30 per cent in western Germany and Norway, about 20 per cent in Austria, and perhaps close to 10 per cent in France, the Netherlands and Sweden.[16]

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[13] Compare the physical indicators of increases in machinery and livestock shown in Tables 1 and 3 above.

[14] See the *Economic Survey of Europe in 1959*, Chapter VII, Table 6.

[15] Although data on the capital stock of structures have not been found for Belgium, any reasonable estimate on the basis of the relative stock of machinery and structures in other countries (and subsequent extrapolation with investment data) gives similar results.

[16] And possibly also in Belgium.

TABLE 8

Labour inputs in agriculture, 1957-1959

Index numbers, 1950-1952 = 100

E = based on employment; MY = based on man-years.

Country and type of data		Total	Family workers	Hired labour
Austria [a]	E	96	100	81
Belgium	E	77	77	80
Denmark [b]	MY	84	93	76
France	E	90	. .	. .
Western Germany [c]	MY	74	77	79
Ireland	E	86	88 [d]	84 [d]
Italy	E	92	. .	. .
Netherlands	MY	89	89	88
Norway	MY	84	88	55
Sweden [e]	MY	75	82	55
United Kingdom [f]	MY	88	100	82

Sources and methods : See Appendix B.

[a] 1951 = 100.

[b] Family workers other than farmer and wife are included in hired labour.

[c] Total: 1957-1958.
Details: 1956-1957.

[d] Men only.

[e] 1952 = 100.

[f] 1957-1958. Family workers other than farmer and wife are included in hired labour.

Capital inputs thus seem to have risen less than agricultural output in Austria, France and the Netherlands, but solely because inputs of land, as suggested above, remained more or less constant; if land is left out of account, capital inputs proper may have increased at rates comparable with agricultural output.[15] In the few other countries for which data are available, the volume of capital inputs in agriculture seems — even if land is included — to have grown faster than output. No such clear picture emerges as exists for current expenses and labour inputs.

Labour Inputs

Estimates of changes in labour inputs in agriculture inspire rather more confidence. Although the available data, shown in Table 8, pose many statistical and conceptual difficulties, there is little doubt that the volume of labour inputs has steadily declined during the fifties throughout western Europe. In southern Europe the same trend is apparent only in Yugoslavia and Spain, whereas in Portugal and Turkey agricultural employment has further increased.[17] The decline in terms of man-years[18] — the measure most appropriate for a discussion of productivity — has been greatest, among the countries for which such data exist, in Sweden and western Germany, where it amounted to about one-fourth in the short period of some seven years. From data on numbers employed, the outflow of labour appears to have been smallest in Austria, although such data probably under-estimate the real decline in labour inputs because of the growing importance of part-time work. It may be noted that the tendency for hired help to move out of agriculture faster than family workers, pronounced in Austria, the Scandinavian countries and the United Kingdom, is not general. From the few data available no clear trend is apparent concerning the relative employment of women in agriculture. In Denmark many more women than men have left agricultural employment during the fifties, but this does not seem to have been true in Norway or the United Kingdom. Similarly, whereas in Denmark the amount of agricultural work done by family helpers (other than wives) declined at a higher rate than that done by hired help, the reverse appears to have occurred in Austria,[19] Norway and Sweden.[20]

Total Inputs and Productivity

On the basis of these various input indicators an approximate idea of the change in the total volume of agricultural inputs during the fifties, both absolutely and in relation to output, may be obtained for a few countries. This is shown in Table 9, where indices of current, capital and labour inputs have been roughly weighted together according to their relative values in 1950-1952. It illustrates the sharp contrast between the general decline in labour inputs and the, on the whole, rapid increase in other current inputs; the more moderate rise in capital inputs roughly equalled that in current non-labour inputs in Austria and Sweden, but was generally, in those countries for which data are available, between the two extremes.

The increases in current and capital inputs appear, on balance, to have been large enough to outweigh the decline in labour inputs. Thus, the volume of total

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[15] See footnote 15 on preceding page.

[17] See the *Economic Survey of Europe in 1959*, Chapter VII, pp. 4-5.

[18] Employment data refer to numbers employed according to principal occupation, while the labour force also includes those temporarily unemployed. Man-years are calculated by applying to different categories of workers employed various coefficients based on age, sex, status, etc. Two principal difficulties arise in using these data. One concerns the treatment of women, especially farmers' wives, working partly in the farm household and partly in the farm enterprise. The other derives from the distinction between "permanent" and "temporary" workers, apparently based on principal occupation or type of working arrangement with the employer; this distinction does not coincide with the more relevant classification into full-time and part-time workers. The usage of these terms in national statistics is not always clear, nor is the extent to which conversions into man-years are based on "quantity" or "quality" of work.

[19] As shown by employment data; part-time work is likely to be especially important for the category of family workers other than farmer and wife.

[20] Data for family helpers in Sweden include wives of farmers and probably therefore under-state the decline in numbers of family workers other than farmer and wife.

TABLE 9

Indicators of output and inputs in agriculture, 1957-1959

Index numbers of volume, 1950-1952 = 100

Country	Agricultural output [a]	Inputs					
		Total		Current (excluding labour)	Capital [b]	Labour	
		Including family workers	Excluding family workers			Total	*of which :* Hired
Austria	126 [c]	..	..	121 [c]	117 [c]	96 [e]	81 [e]
Belgium	123	(95)	(110)	118	..	77	80
Denmark	122	..	..	146 [f]	..	84	76 [g]
Finland	109 [h]	..	..	133 [h]	..	..	..
France	117 [c]	106	..	160 [c]	107	90	..
Western Germany	121 [c]	101	125	148 [c]	128 [d]	74 [c]	79 [i]
Ireland	105 [j]	..	..	109 [j]	..	86	84 [k]
Italy	122 [l]	..	..	145 [l]	..	92	..
Netherlands	127	114	135	160	107 [d]	89	88
Norway	113 [e]	107	119	137 [e]	128	84	55
Sweden	98	91	97	112	113 [d]	75 [m]	55 [m]
United Kingdom	119 [c]	..	..	120 [n]	..	88 [c]	82 [o]

Sources and methods : See Tables 5, 7, 8 and Appendix B.

[a] Refers to final commodity output excluding double counting of domestic products utilized for animal feed or seed.

[b] Including land.

[c] 1957-1958.

[d] Excluding inventories other than livestock.

[e] 1951 = 100.

[f] Index number of value, 1957-1958 over 1951-1952.

[g] Family workers other than farmer and wife are included in hired labour.

[h] 1957-1958 over 1951-1952.

[i] 1956-1957.

[j] 1957-1958 over 1953-1954.

[k] Men only.

[l] 1951-1952 = 100.

[m] 1952 = 100.

[n] 1953 = 100.

[o] 1957-1958. Family workers other than farmer and wife are included in hired labour.

inputs has generally risen in those countries for which an overall indicator is shown in the table, and partial indicators suggest a similar result for other countries.[21] Yet overall productivity — as measured by the increase in total output in relation to that of total inputs — has risen appreciably. Expressed in other terms, this means that value-added in agriculture (at constant prices), per composite unit of labour and capital input, has also risen.[22] It is noteworthy, however, that the increase in efficiency, so measured, is considerably smaller than indicated by more conventional measures of productivity such as the increases in agricultural output relative to a (more or less constant) area or a (declining) labour force. It is also significant that total inputs, excluding the labour input of the farmer (and his family helpers), seem to have increased as fast as output, or faster. This suggests that an important factor in raising productivity, and incomes, in agriculture has been the shift of farm families to other occupations. Agricultural incomes are further considered below.

(c) The development of agricultural incomes

Prices and Incomes

The rise in productivity does not necessarily imply that incomes of farmers (and their family helpers) have improved. Relative changes in what farmers pay for their inputs and receive for their output may more than offset the gains arising from greater efficiency. Such price changes in inputs in relation to output are shown in Table 10. The picture varies considerably, of course, between items and countries; yet prices of current non-labour inputs appear to have generally risen rather less during the past decade than prices of agricultural output. Investment costs, on the other hand, have increased much more and wages have risen faster still.

Among the current items few general price trends are apparent. Feed prices in a few countries have come down in step with world market prices, but in most they seem to have followed a course of their own.[23] The relatively favourable price development of fertilizers probably reflects price control and subsidies in several countries. Fuel prices, on the contrary, seem everywhere to have risen more, except in Italy,[24]

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[21] The exceptions are Sweden, where output also declined slightly, and possibly Ireland, where output increased relatively little.

[22] This statement, of course, says nothing about the change in productivity (or factor incomes) in agriculture in relation to that in other sectors.

[23] See section 2 below.

[24] Fuel prices for agriculture have been controlled by the Interministerial Price Committee (CIP) at a level some 30 per cent below the normal prices.

TABLE 10

Prices of agricultural output and inputs, 1957-1959

Index numbers, 1950-1952 = 100

Country	Agricultural output [a]	Inputs									
			Current (excluding labour)						Capital		Labour
		Total	Total	Feed and seed	Fertilizers and pesticides	Fuel, lubricants and electricity	Maintenance and repairs	Other	Machinery	Construction	Wage rates
European Economic Community											
Belgium	99	..	107	115	105 [b]	90			..	..	129 [c]
France [d]	137	133	114	(67)	102	115	121 [e]	145	119	125	174 [f]
Western Germany [d]	117	126	109	106	94	111	125	115	120	124	157
Italy [g]	105	115	99	100	89	73	112		111		132
Netherlands	108	121	103	95	103	124	131	123	121	145	163
Other N.W. Europe											
Austria [d]	124	133	135	148	125	112	139	139	136		126 [f]
Denmark [h]	98	..	..	86	108 [b]	109	..	109	..	..	125
Finland [i]	144	..	139	148 [j]	140 [b]	147	121	129	..	..	134
Ireland [k]	101	109	105	99	109 [b]	..	..	107	106	115	124
Norway [d]	130	130	128	133	124 [b]	..	..	115	130	118	148
Sweden	121	136	123	113 [j]	111	123	146	126	120	135	166 [d]
United Kingdom	114	..	..	..	..	..	..	..	..	..	151
Southern Europe											
Portugal [d]	..	..	..	..	..	..	..	..	104	101	108 [f]
Spain [d]	171	..	136	149	115	127	171	183	..	..	..
Turkey [d]	193	..	179	207 [l]	..	..	154	..	..	..	..

Sources and methods : See Appendix B.

[a] Refers to final commodity output excluding double-counting of domestic products utilized for animal feed or seed.

[b] Fertilizers only.

c 1951-1953 = 100.

d 1957-1958.

[e] Maintenance of machinery only.

f 1957-1958 over 1951-1953.

g 1951-1952 = 100.

h 1957-1958 over 1954-1955.

i 1957-1958 over 1951-1952.

j Feed only.

k 1957-1958 over 1953-1954.

l Feed only, 1950-1951 = 100.

and the increases in the costs of maintenance and repairs have already been noted above.

Higher prices of investment goods enter an input price index only indirectly, through higher depreciation charges and larger capital values. In principle, therefore, the composition of the capital stock and the distribution of amortization should be taken into account when incorporating the investment price data in an overall input price indicator. In practice the various price increases of agricultural inputs (including labour) have been weighted by their share in total expenditure into a rough overall indicator of changes in input prices. These show that input prices as a whole have generally risen faster than output prices.[25] Together with the changes in volumes of inputs (other than farm family labour) and output, discussed above, this suggests that the value of these inputs has increased more than that of agricultural output and further supports the conclusion drawn above that any increase in incomes of farm families owes much to the movement out of agriculture.

More specifically, the relative decline in prices of current non-labour inputs (from outside the agricultural sector) was generally not sufficient to compensate the large increases in their volume. Consequently, in most countries gross value-added in agriculture (i.e. the gross income generated in agriculture) rose considerably less than the value of output. Net value-added (i.e. the income available as a net return on capital or for labour efforts in agriculture) increased still less, in some countries, because of a more rapid rise in depreciation.[26]

Income per head in agriculture is sometimes compared with that in industry, and used to demonstrate the existence of an income gap between agriculture and other sectors. But such reasoning is crude inasmuch as it ignores differences in capital intensity between sectors. A more cogent, yet more elusive, question is whether the return on capital invested in agriculture, and the incomes of labour engaged in agriculture, are lower than in industry. An attempt to answer this question is made in the remainder of this section.

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[25] The few data available on land prices or rent indicate that inclusion of this item would result in an even greater increase in the input price index.

[26] A sharp rise in net subsidies received (other than those incorporated in output or input prices) was an important offsetting factor in the United Kingdom, and especially the Netherlands.

Returns on Agricultural Capital

An investigation of capital returns and labour incomes in agriculture may start either by imputing returns on capital invested and treating the residual net income of the farmer and his family (after payment of wages and other costs) as labour income or, *vice versa*, by imputing wage rates, possibly inclusive of a management fee, to the labour efforts of the farm family, thus deriving a profit on capital invested. Comparisons may then be made with the going wage or interest (profit) rate, respectively, to establish whether there is any " profit " or " loss ", and this may be attributed arbitrarily to labour or capital as the case may be.[27] The basic data used for the present study employ the former method — of imputing returns on capital;[28] hence no direct answer can be given to the question whether capital invested in agriculture is remunerative. To relate capital returns to stock values could therefore be significant only as a means of checking the internal consistency of the data. Even this proved impossible, however, on account both of the paucity of complete figures on returns and the difficulties of obtaining estimated values of capital stock.

Unfortunately, little is known about the evaluation of capital stocks and rates of interest applied in imputing returns. In most national estimates interest rates of 3-4 per cent, and occasionally 5 per cent — as in Denmark, are used. In western Germany interest paid on farm debts in 1958/59 amounted to 5.9 per cent but an imputed rate of interest on total farm capital of 3$^{1}/_{3}$ per cent was used.[29] Land values in the Netherlands, as given in estimates of national wealth, are based on capitalization of (residual) net returns on land, while imputed rents seem to be based on (much lower) actual rents paid. Such different practices — and similar difficulties with amortization — are important since they significantly affect the residual estimates of farmers' incomes from " labour and management ". Before these estimates are examined, however, the more straightforward questions concerning agricultural wages are discussed below.

TABLE 11

Wage earnings of adults in agriculture and industry, 1957-1959

Index numbers, 1950-1952 = 100

H = Hourly; D = Daily; W = Weekly; M = Monthly.

Country and category		Agriculture		Industry	
		Total	Men	Total	Men
Austria [a]	M	131 [d]	131 [d]	136	..
Belgium [a]	D	129	129	120	121
Denmark	H	140	143	148	146
Finland [a]	H	135	138	137	138
France [b]	M	174	174	152	..
Western Germany	H	163 [d]	162 [d]	152	151
Ireland [d]	W	142	145	140	141
Italy	M	135	134	136	135
Netherlands [d]	H	163	163	158	158
Norway	D	151 [d]	149 [d]	158	158
Portugal [a]	D	111 [d]	111 [d]	115 [d]	..
Sweden [c]	H	166	160	164	166
United Kingdom	W	151	152	155	157

Sources : ILO, *Yearbook of Labour Statistics*; and national statistics.

[a] 1951-1953 = 100.

[b] 1957-1958 over 1951-1953.

[c] 1957-1958.

[d] Figures refer to wage rates.

Agricultural Wages

Since the early fifties agricultural wages have risen faster than agricultural prices, as mentioned above, and have maintained, roughly speaking, their position vis-à-vis industrial wages. As shown in Table 11, agricultural earnings have significantly lagged behind industrial earnings in very few countries — Austria, Denmark, Norway and the United Kingdom are limited exceptions; in France, and to a lesser extent in Belgium, western Germany and the Netherlands, the relative earnings of hired agricultural workers markedly improved.

Absolute levels of wage earnings in agriculture and industry are much more difficult to compare, for many diverse comparisons can be made, yielding very different results.[30] A detailed inquiry in the Netherlands, for example, shows that average weekly earnings in agriculture are higher than in industry because of a longer working week, which more than offsets somewhat lower hourly earnings. Weekly earnings of male workers, however, and especially of adult male workers, are higher in industry for two reasons: lower-paid women constitute a greater proportion of industrial

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[27] Sometimes the two approaches are combined — with imputed values inserted for incomes from both capital and labour — and the residual " profit " and " loss " not attributed to any particular item.

[28] Net returns on capital are shown under several headings: rent paid, interest paid, and imputed rent and interest on the farmer's capital. The last item presumably includes estimates of the others when data on rent and interest paid are missing. See ECE/FAO, *Output, Expenses and Income of Agriculture*, *op. cit.*

[29] See Bundesrat, *Bericht der Bundesregierung über die Lage der Landwirtschaft (Grüner Bericht 1960)*, Bonn 1960, pp. 27 and 128.

[30] Relative movements over time are more amenable to comparison as the divergence in different series — e.g. for skilled and unskilled, men and women — tends to be much less than the difference in absolute levels of wages.

TABLE 12

Earnings of male adults in agriculture and industry in 1958

A = Whole country. B = Rural area.
H = Hourly earnings; D = Daily earnings; W = Weekly earnings; M = Monthly earnings.

Country	Unit	Agriculture	Industry				Remarks
			Skilled	Semi-skilled	Unskilled	Total	
Austria . . . M	*Schilling* . *A*	1 080 [a]	. .	. .	. .	1 911	Industry: men and women.
Belgium . . . D	*B. franc* . *A*	. .	. .	. .	. .	234	Range according to industry: 188/339.
	B	175	. .	. .	. .	214	Industry: Flanders and Limburg.
Denmark . . D	*Krone* . . *A*	. .	54	. .	46	50	
	B	30	44	. .	40	42	Agriculture: day labourers, 1958/59.
Finland . . . H	*Mark* . . *A*	132	. .	. .	. .	217	Agriculture: cattlemen. Range according to professions: agriculture: 107/145; industry: 190/247.
France . . . M	*NF* . . . *A*	. .	501	. .	369	448	
	B	366	385	. .	303	352	Agriculture: skilled (unskilled—309).
Western Germany . W	*DM* . . . *A*	. .	128.36	120.80	104.50	121.57	
	B	79.30	. .	. .	. .	98.02	Agriculture: day labourers. Industry: all workers (men and women).
Ireland [a] . . . W	*£.s.d.* . . *A*	4.16.9	. .	. .	. .	8.6.8	Agriculture: permanent labourers.
Italy [a] . . . . D	*Lira* . . . *A*	1 080	1 660	1 402	1 338	1 463	Average of daily wages.
Netherlands . W	*Guilder* . . *A*	. .	96.88	86.52	81.60	88.99	
	B	85.82	88.58	84.02	82.95	85.21	
Norway . . . W	*Krone* . . *A*	198 [a]	. .	. .	. .	277	Agriculture: day labourers (harvest); ordinary farm work in winter period: 181.
Portugal [a] . . D	*Escudo* . . *A*	15.76/36.00	36.02/61.30	. .	30.70	. .	Agriculture: range according to province and profession; in province of Lisbon: 24.89/36.00. Industry: range according to occupation in Lisbon.
Sweden . . . H	*Krone* . . *A*	. .	. .	. .	. .	5.67	
	B	3.65	. .	. .	. .	4.91	Agriculture: agricultural workers (cattlemen: 4.12). Industry: price zone 2 (zone 3: 5.53; zone 4: 6.18; zone 5: 6.63).
United Kingdom . W	*£.s.d.* . . *A*	9.14.8	. .	. .	. .	13.3.5	

Sources and methods: See Appendix B.
[a] Figures refer to wage rates.

than of agricultural workers, and juvenile labour is relatively better paid in agriculture. On the other hand, industrial wages in rural zones — which are more relevant for a comparison with agricultural wages — are lower than the average for the country, thus narrowing the gap for hourly earnings and closing it for weekly earnings.[31] This is illustrated below.

Comparative wage earnings [a] in the Netherlands in 1958/59

In florins

Category	*Per week*		*Per hour*	
	Agriculture	*Industry*	*Agriculture*	*Industry*
Total	81.42	77.08	1.50	1.56
of which:				
Male, 14-64 years .	81.54	82.24	1.51	1.68
21-64 years .	85.82	88.99	1.59	1.81
21-64 years (rural zones only)	(85.82)	85.21	(1.59)	1.71

[a] Excluding children's allowances, holiday bonuses, etc.

A comparison of industrial earnings of male adults (differentiated by skill) in rural zones with earnings of agricultural workers is attempted in Table 12. Of the six countries for which the comparison can be made, only two — France and the Netherlands — seem to have approximate parity of industrial and agricultural wages; in the others (Belgium, Denmark, western Germany and Sweden) the gap is largely reduced — roughly by almost one-half — by considering industrial wages in rural zones rather than in the country as a whole. The disparity is too great in most of the remaining countries to be explained by the rural zone differential. In Italy, however, the country-wide averages conceal the fact that the gap between industrial and agricultural wages is smaller in the North than in the South.[32]

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[31] Further differentiation is possible by skill, both for agriculture and industry, with a wide range for different industries and jobs, etc. (for details see Central Bureau of Statistics, *Statistiek der lonen in de landbouw, 1958/1959*, The Hague 1960); and there is ample scope for argument as to which jobs and skills in industry are equivalent to which in agriculture. However, such detailed comparisons are possible for only a few countries.

Although these findings should be treated with care, in most countries a substantial margin appears still to separate industrial and agricultural earnings; with the few exceptions noted, this margin has hardly narrowed during the past decade of well-nigh continuous full employment. Adjustments have rather been made through the continuing outflow of hired labour from agriculture;[33] and it is perhaps significant that in the Netherlands, and possibly in France, where rough wage parity exists, in rural zones, between industry and agriculture, this movement seems to have been slower than elsewhere. The upward pressure on agricultural wages resulting from the outflow of labour has been dampened until now by rapid increases in labour-saving through mechanization and greater efficiency all round. At present it is not easy to foresee whether — and how soon — some sort of equilibrium may be reached on the basis of wage parity or by the virtual disappearance of hired labour from western European agriculture.

Farmers' Incomes

The trend, and level, of income of farm families from "labour and management" — excluding possible income from their own capital stake in the farm — is more difficult to ascertain. Estimates of this income are, by definition, obtained as a residual; hence the manifold uncertainties surrounding such items as depreciation, rent and interest affect the outcome. This defect is the more serious in that gross returns on capital invested in agriculture are large in relation to the labour income of farm families.

There is good reason, therefore, for treating with caution statements about changes in the labour income of farm families. Yet, on the basis of the available evidence (derived from agricultural-sector accounts) this income appears to have risen in money terms in all seven countries for which data are shown in Table 13, with the possible exception of Sweden. In most countries, however, the labour income of farm families seems to have lagged behind the rise in the value of agricultural output, in line with the preceding discussion of changes in the volume and prices of inputs in relation to output.

Clearly the change in farm families' labour income per head, or rather, per "working member" is more important. As was shown above, the number of family workers has fallen steeply during the fifties. The ambiguities of measuring this decline — discussed earlier in the context of labour inputs — are equally, if not more, troublesome in relation to changes in incomes. In principle, it seems most reasonable here to make allowance for work performed outside the agricultural sector by members of farm families, but not otherwise to take account of actual hours worked; under-employment in agriculture should properly be reflected in the income figures.[34] In practice, only a rough adjustment with such indicators as are available of declining family labour on farms can be attempted. The resulting incomes of family workers — in terms of man-years or numbers employed — may be compared with agricultural wages (see Table 13). It would seem that in Belgium, France and western Germany, labour incomes of farm-family workers have risen at least as fast as those of hired agricultural workers, but that in Norway, Sweden, the United Kingdom and perhaps the Netherlands, they have lagged behind.

TABLE 13

Estimated agricultural output and income, 1957-1959

Index numbers of value, 1950-1952 = 100

Country	Agricultural output [a]	Labour incomes of farm families			Agricultural wages
		Total	Per worker [b]		
Belgium	122	118	153	(E)	129 [c]
France [d]	151	162	(180)	(E)	184
Western Germany [e]	141	(136)	(177)	(MY)	157
Netherlands	137	138 [f]	155 [f]	(MY)	163
Norway [e]	146	120	136	(MY)	148
Sweden	118	97	118	(MY)	166 [e]
United Kingdom	139	120	120	(MY)	151

Sources and methods : See Appendix B.

NOTE. — Labour incomes refer to residual incomes of farm families after deducting compensation of employees and imputed return on all farm capital from net value-added in agriculture.

[a] Refers to final commodity output excluding double counting of domestic products utilized for animal feed or seed.

[b] Based on data for man-years (MY) or employment (E) as indicated.

[c] 1951-1953 = 100.

[d] 1957-1958 over 1951-1952.

[e] 1957-1958.

[f] Labour income includes interest on capital other than land and buildings.

Even more hazardous than these comparisons of changes in relative incomes are attempts to evaluate absolute differences between the labour incomes of farmers (and their families) and agricultural workers; for the divergences between various measurements of total family labour — some sort of man-years, or employment — become much more significant in the latter case. Moreover, the combined error in both the numerator and the denominator of any calculation of farm family income per " worker " is bound to be very large, so that the results can only be used as indications of the broadest orders of magnitude. The same applies to estimates of incomes per farm family based on data concerning the number of farm operators.

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[32] In Portugal, earnings of agricultural workers in Lisbon province seem to be at the same level as those of unskilled industrial workers in Lisbon city, but far above the rest of the country. In the United Kingdom the margin between wages in large cities and more rural areas is small, to judge by data published in the *Ministry of Labour Gazette*, November 1958.

[33] See, on this question, the study published by the International Labour Office, *Why Labour Leaves the Land*, Geneva 1960.

[34] It seems unreasonable, however, for temporary unemployment of members of farm families regularly working part-time in industry to be reflected in lower agricultural incomes. For farmers' wives, the best measure may be actual hours worked, possibly with a correction factor for "quality" of work.

These rough measures of the income of farm families (from labour only) may be compared with crude estimates of annual earnings of agricultural wage-earners. Allowing for wide margins of error, the results — for those countries where a comparison is possible — suggest that in the late fifties farmers and their family helpers earned, on average, at least as high labour incomes as farm workers and, in several countries, considerably higher. The only exceptions were Sweden and Norway.[35] The comparison also suggests that, if account is taken of the differences in agricultural and industrial wages discussed above, average labour incomes of farm family workers may have been higher than industrial wages in the Netherlands, the United Kingdom and, possibly, France; and lower in western Germany, Italy, and *a fortiori* in Norway and Sweden.[36]

These national averages of labour incomes of farm families are not particularly significant. Farm incomes typically show a much greater dispersion around the average than either agricultural or industrial wages; and these wide disparities in farm incomes — depending on size, type, and location — are more relevant in evaluating the income position of farm families — or in devising an appropriate farm support policy.

Differences in Incomes by Size of Farms

Some of these differences are illustrated in Table 14, based on book-keeping results for a reasonably representative sample of farms,[37] showing changes in " labour incomes " with increasing size of farms. The first row (A) for each country (or sub-group) shows variations in family income from labour and management, after allowing for (imputed) interest on the total capital value of the farm. The second row (B) shows similarly labour income for all workers on the farm (including hired labour) per man-year. In addition, for some countries different types of farms are shown, also by size class. It should be emphasized that the data are not comparable between countries: to mention only the major sources of statistical discrepancy, the size classes are not uniform, nor is the evaluation of such items as imputed interest and the volume of labour.

For most countries or sub-groups the table demonstrates the wide range in labour incomes between the smallest farms and the biggest ones. This range does not reflect the greater amount of capital likely to be sunk into the larger farms, for differences in capital values have been eliminated by deducting an imputed interest return on the capital value of the farm enterprise, independent of ownership. Property relationships are not relevant: family incomes on the larger farms are not bigger just because these families are wealthier. They are bigger for two principal reasons. In the first place, the bigger farms use labour and capital more efficiently than small farms: machinery is used more intensively, need for buildings does not grow proportionately with the size of the farm, and labour is more fully employed. Hence the tendency, apparent from the table, for labour incomes per worker to grow with rising farm sizes; with some exceptions there is an income differential of some 50-100 per cent between the highest and the lowest size classes shown. Second, it is noteworthy that in several instances farm family labour incomes rise much more, on bigger farms, than labour incomes per worker. This is bound to happen if agricultural wages paid are less than total labour income per worker, for in that case the additional employment of wage labour on the bigger farms adds more than proportionately to the income of the farm family.[38]

It is also interesting to observe that in some cases (in Sweden, for example, and on the " livestock " farms in western Germany) efficiency, as measured by labour incomes per man-year, declines somewhat in the biggest size groups. The reason for this is by no means obvious. Given the contrast in western Germany between the " mixed " and the " livestock " farms, it is tempting to suppose that the latter type of enterprise reaches an optimum size sooner. But the data for " mainly dairy " farms in the United Kingdom, for " pasture " farms in the Netherlands, and for " dairy " farms in Ireland do not seem to bear this out. At any rate, there are striking differences in family labour incomes between types of farms, in the same size group, in the United Kingdom, Austria and western Germany (but not in the Netherlands or Ireland).

Regional differentials in farm labour income — available in greater or lesser detail for several countries — are a compound of these differences in size structures and types, as well as of natural conditions [39] and variations in the efficiency of management and operat-

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[35] The data on which these statements are based are discussed in Appendix B.

[36] Total incomes of farm families (from agriculture) are higher to the extent that they receive a return on their own capital invested in their farms. Income from labour in other sectors is also excluded.

[37] The smallest farms are not usually included, nor sometimes the largest ones.

[38] Declining absolute importance of family labour for larger farms, for example, may upset these neat relationships.

[39] This should, in principle, largely be compensated by differences in the capital value of the farm which, however, in so far as farmers own their farm and equipment, is reflected in their relative incomes and living standards.

TABLE 14

Differences in labour incomes from farming, by size of farm

Thousands of national currency units

A = Labour income of farmer (including unpaid family helpers), i.e. net value added on farm *minus* wages of hired workers on farm *minus* imputed interest on total capital invested in farm.

B = Labour income per worker, i.e. labour income of farmer (including unpaid family helpers) *plus* wages of hired workers, *divided by* total numbers of workers (in *man-years*) on farms.

Country and year			Farm size class [a] (in ascending order)						
			1	2	3	4	5	6	Average
Austria [b]	1958								
" Mixed "		A	19.8	35.9	34.8	45.1			..
		B	8.9	11.8	14.1	20.2			12.2
" Pasture "		A		24.1	22.8	29.5	17.7		..
		B		9.6	8.5	8.6	7.6		8.9
Denmark	1958/59	A	8.0	10.7	13.4	15.3	18.6	13.4	..
		B	8.0	9.7	10.5	10.3	10.3	9.0	..
Finland [c]	1957/58	A	309	415	469	152			386
		B	241	261	323	328			288
Western Germany [d]	1958/59								
North: " Mixed "		A	4.9	7.1	11.1	19.8			..
		B	3.3	4.1	4.7	5.1			..
" Livestock "		A	4.2	5.7	5.4	5.5			..
		B	2.9	3.6	3.5	3.4			..
South: " Mixed "		A	5.2	5.6	8.1	23.3			..
		B	3.4	3.6	4.1	4.9			..
" Livestock "		A	4.6	5.6	5.3	5.7			..
		B	3.1	3.6	3.4	3.4			..
Ireland [e]	1957/58	A	0.23	0.39	0.57	0.87	1.39	2.01	..
		B	0.23	0.28	0.36	0.47	0.61	0.68	..
of which: " Dairying "		A	0.34	0.46	0.62	0.93	1.47	2.08	..
		B	0.30	0.30	0.38	0.48	0.63	0.68	..
" Mixed crops "		A	0.33	0.46	0.68	0.95	1.44	2.19	..
		B	0.29	0.32	0.38	0.48	0.58	0.68	..
Netherlands [f]	1957/58	A	5.4	8.4	11.9	15.2	18.3		8.9
		B	4.0	5.3	6.4	7.1	7.2		5.7
of which: " Pasture "		A	4.8	8.6	12.5	17.0			..
		B	3.8	5.9	7.0	7.9			..
" Arable "		A	5.4	7.0	11.6	15.3	21.4		..
		B	4.2	5.7	7.4	7.3	7.7		..
Norway	1958	A	4.2	5.7	7.2	6.5	8.2	7.1	6.0
		B	4.4	5.2	6.5	7.1	8.5	9.0	6.3
Sweden [g]	1955	A	8.3	11.0	11.3	9.7			..
		B	5.5	6.3	7.2	6.9			..
	1958	A	10.7	12.6	12.5	12.1			..
Switzerland	1957/58	A	4.3	7.9	10.1	15.5	16.6		10.1
		B	3.8	5.5	6.2	7.1	7.1		6.0
United Kingdom [e]	1958/59	A	0.50	0.83	1.42	2.57			1.06
of which: " Mainly arable "		A	0.71	1.05	1.95	3.48			1.67
" Mainly dairying "		A	0.51	0.83	1.34	2.41			0.81

Sources and methods : See Appendix B.

NOTE. — The figures do not admit of inter-country comparisons.

[a] Size classes differ between countries.

[b] Data refer to " mixed " farms (*Ackerwirtschaften*) in the " north-eastern plains and hills " region ; and to " pasture " farms (*Grünlandwirtschaften*) in the " eastern foothills of the Alps ".

[c] Data refer to southern Finland.

[d] Data refer to " root-crops—cereals " farms (*Hackfrucht-Getreidebaubetriebe*) and " livestock " farms (*Futterbaubetriebe*)—in medium production conditions—in northern and southern Germany.

[e] Labour income includes interest on farmers' own capital invested in farm, other than land and buildings. For the United Kingdom, data refer to England and Wales only.

[f] Labour income includes interest on all capital invested in farm, other than land and buildings.

[g] Data refer to farms on the plains of southern Sweden (*Götalands södra slättbyggder*).

ing conditions, such as the density of the agricultural population. These factors overlap to some extent, and to assess their relative importance in detail is difficult and certainly beyond the scope of the present study.

For present purposes it is the existence, in most countries, of these differences in the labour incomes of the farm population which is relevant. In the smaller farms the family labour income may be one-third or one-half the average, whereas on the large farms it may be much higher. It seems likely, moreover, that these income differentials would be much larger if incomes from farm capital owned by farmers were taken into account. Although these data should be treated with care — and adjustments for the number of working members per family are difficult [40] — this seems to suggest that a more differentiated agricultural support policy may be advisable. This issue is discussed below in section 4.

Labour incomes from farming are to some extent supplemented by income from part-time employment in other sectors. The combination of farming with another occupation is especially widespread in the Scandinavian countries, and the alpine regions of Austria, France, western Germany, Italy and Switzerland. Forestry has traditionally been a sideline, but industry and tourism are becoming increasingly important. As would be expected the importance of ancillary income is generally greater on smaller farms, where under-employment is more prevalent, and in some countries may account for one-third or more of the total labour income of farm families.

Finally, it is important to remember that changes in the value of agricultural output have a much more than proportionate impact on the labour incomes of farm families shown in this section. In fact, as the latter are typically equivalent to only some 40 per cent of agricultural output, a 10 per cent decline in prices of output causes, all other things being equal, a 25 per cent drop in farm family labour incomes. For this reason it is imperative to examine agricultural prices more closely, In particular, it may be asked how far increases in the labour incomes of farmers have been due to protection and subsidies granted to agriculture. Have these increases been obtained through increases in the margin between the prices the farmer receives and world market prices, or has it been possible to raise farm incomes while at the same time reducing the margin of agricultural protection? This question is considered at length in the following section.

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[40] The data for a few countries, at least, seem to indicate that the volume of labour inputs per family does not vary much with the size of the farm, and, moreover, that the average farm family is small in terms of " man-years ".

2. AGRICULTURAL PROTECTION IN WESTERN EUROPE

By various means western European countries have largely insulated the agricultural sector of their economies from the influence of foreign market conditions and so raised farm prices and incomes above the level which would obtain without agricultural protection. The degree of such protection varies from one country to another and from one commodity to another. In this section an assessment is attempted of the present scale of protective margins and — so far as comparisons over time are possible — of how far they have changed during the last decade. The assessment is necessarily approximate, yet it should yield a broad idea of the importance of agricultural protection in supporting farm prices and incomes.

(a) Measuring the margin of protection

The General Approach

If agricultural protection generally took the form simply of tariffs, at a constant *ad valorem* rate, or of deficiency payments guaranteeing producers a certain price, measuring its degree would be relatively straightforward. The rate of tariff would measure the margin of protection, as would the relation between deficiency payments on, and the value of output of, a given commodity. In fact, agricultural support schemes in western Europe are, virtually without exception, much more complex.[41] Consequently, a standard measurement, applicable to all countries, must examine the final result of diverse protective measures — i.e. the difference between the prices domestic producers actually receive (including any price subsidy) and those which they would receive if competing products were freely imported (or exported without subsidy). As an approximation, and assuming that imports can replace domestic supplies without a significant rise in production costs, this latter price corresponds to the price of the imported commodity (or the price exports fetch in the world market).

For an import price, either a unit value or an international price quotation — if possible relating to delivery at some point in western Europe — may be chosen. This latter choice makes no allowance for transport costs within western Europe, and limits comparisons to the specified qualities and varieties for which such international price series exist. Comparisons of this kind are in some ways more meaningful than those based on an average of all qualities produced and imported; but they are hampered by the limitations of available statistical data. Price statistics for specific domestic qualities or varieties do exist, but they usually represent either minimum, target, guaranteed or similar prices, or else wholesale prices, which may bear no direct relation to those actually received by the farmer even for these varieties.[42] In short, guaranteed prices are not a reliable guide to realized market prices, nor are market prices (which may be supplemented by a subsidy) a reliable indication of actual farm prices. Thus, in practice the only suitable statistics of prices actually received by farmers are those representing an average price for all qualities, for home and for export, and for different classes of consumers, and including all price-support payments to farmers for the commodity in question. A comparison of such producer prices with average unit values of imports also takes account of transport costs from the diverse sources of supply.[43]

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[41] Even for the United Kingdom, where deficiency payments are the principal means of protection, there are complications, such as the duties on sugar and the dual pricing of milk (discussed below) producing higher average returns for milk than would prevail in a single market, and with a negligible cash subsidy. A schematic account of the methods used in western Europe to enforce the margin of protection in agriculture is given later in this section.

Practical Difficulties

Any comparison of domestic and foreign prices runs into various practical difficulties which can be overcome only in part and which introduce an obvious margin of error into the results. As in most agricultural statistics, to take only one year would be unwise; harvest variations affect both domestic prices and the volume, as well as the geographical and quality composition, of imports. Two periods, each of three years, have therefore been chosen — 1950/51—1952/53 and 1956/57—1958/59; to take a longer period, such as five years, would leave too short an interval between the two periods to allow the evaluation of possible changes in the degree of protection during the last ten years. The two periods chosen are separated by a transition from relative food shortage to relative plenty. Until about 1952/53 world food prices were comparatively high and western Europe strove to increase agricultural output. The very success of this policy, shown in the preceding section, caused surpluses of a number of farm products to emerge and world prices — especially those of wheat and sugar — to fall; but in general there was no corresponding movement in the prices received by western European farmers.

During each of these three-year periods, transatlantic freight rates fluctuated sharply, affecting the c.i.f. prices of such commodities as cereals and sugar, but these variations largely cancelled one another. So far as can be judged from tramp rates, average freights were rather lower in the latter period than in the former. But this probably does not materially affect a time comparison of protective margins measured on the basis of c.i.f. prices, particularly since freight rates were a fairly constant average proportion of the landed price in western Europe — f.o.b. prices having also fallen.[44] Given the present state of the shipping industry it seems reasonable to assume that changes in freight rates in coming years are unlikely radically to affect the comparison of western European farm prices with those of imports from overseas. Finally, some countries are almost self-sufficient in certain products, with only very marginal imports or exports — often only in outstandingly bad or good years, and consequently no statistically reliable unit value exists. In such cases, a unit value for some appropriate other country or a notional unit value based on the general run for western European countries has been used.

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[42] Only limited quantities or selected qualities may benefit from guarantee or support, and premiums and discounts are often given for qualities above or below the standard, for early or late delivery, or in order to differentiate in favour of different regions or farm sizes.

[43] So far as possible, this method of comparison has been adopted in the present study, but for practical reasons standard import prices have been applied to all countries for sugar and fresh pork (see the commodity notes in Annex I to this chapter).

It may be noted that the Haberler Report (*Trends in International Trade*, GATT, Geneva 1958, pp. 83-84) recommended a similar approach to the measurement of agricultural protection: " In principle, the best way of measuring the degree of total protection given to any line of agricultural production in any country by the combination of protective devices used in that country would be to measure the percentage by which the price (including any subsidy) received by the domestic producer exceeded the price at which the product was available from foreign suppliers or could be sold to foreign consumers."

The GATT Committee II on Expansion of Trade, in conjunction with the Food and Agriculture Organization of the United Nations, has appointed a group of experts (serving in their individual capacities) which is at present studying the possibilities of measuring agricultural protection. The group has worked out a standard method — essentially an elaboration of the principle recommended in the above report — which is to be applied to a few countries on a trial basis.

[44] The Korean crisis of 1950 led to a steep increase in freight rates, followed by a recession in 1952; and during the Suez emergency in 1956/57 rates rose sharply and then fell to relatively depressed levels. In the longest grain hauls — those from Australia — freight costs averaged about 17 per cent of the c.i.f. price of wheat at European ports in 1957-1959 (in 1957, 21 per cent, in 1958, 13 per cent, and in 1959, 17 per cent); in 1950-1952 they averaged 18 per cent (in 1950, 14 per cent, in 1951, 25 per cent, and in 1952, 16 per cent). For sugar (Cuba to the United Kingdom) they averaged 14 per cent (and 12 per cent in 1950-1952) of the landed cost of " free " Cuban sugar (see note on sugar in Annex I). The United Kingdom Chamber of Shipping trip charter index (1953 = 100) moved as follows:

1950	98	1957	145
1951	203	1958	87
1952	109	1959	93
Average	143	Average	108

The year 1953 may be regarded as fairly normal (rates were at the 1950 level). On the other hand, tramp rates probably exaggerate the fall in average freight costs between the two periods. See Chapter I of the present SURVEY for an account of recent developments in and the outlook for maritime freight rates.

Processing and Distribution Costs

A direct comparison of prices at the farm gate with those at the point of entry of imports (or exit of exports) is not valid, since the domestic farm price relates to an earlier stage of the marketing process. Some allowance has therefore been made for the value added to the farm price by costs (of collection, sorting, packing, etc.) involved in delivery to wholesalers (or for export), although no allowance could be made for cereals or — except to a limited extent — for sugar-beet. The costs of distributing imported produce from points of entry, and domestic produce from the local wholesale market to the main consumers' markets, are assumed to be roughly equivalent.

Some commodities, such as sugar, meat and dairy produce, are traded almost entirely in processed form; with unrestricted imports, the prices farmers receive for sugar-beet, fatstock and milk would be directly related to those of imported sugar, meat, and milk products, and indirectly to the prices of the corresponding farm produce in the cheapest countries.[45] Hence, a comparison of import prices with domestic prices first requires converting farm products into an equivalent content of the processed commodity (i.e. comparing the import prices of sugar with the sugar equivalent of sugar-beet prices received by domestic farmers, import prices of butter with the butter equivalent of the farm price of milk, and import prices of meat with the meat equivalent of farm prices for cattle and pigs). These conversions are discussed in the commodity notes in Annex I below, and explained in more detail in Appendix B, but it must be emphasized that they are necessarily only approximate. For meat and cheese (the ratio of carcase weight to live weight of pigs and cattle and the amount of milk used in the manufacture of cheese), standard coefficients have been applied to all countries; but for sugar and butter it was possible to use national coefficients.

It is also necessary to add to the domestic farm price the value of the processing incorporated in the price of the imported or exported product (e.g. the cost of manufacturing butter and cheese from milk). For each product a standard adjustment has been made — although ideally it is the cost in each country considered that should be used; but any resultant error in the final measurement of protective margins is certainly small. Moreover, domestic processing sometimes yields by-products which are sold commercially or returned directly to the farmer against a market or contractual charge. This happens, for example, with skim milk arising from butter production and for pulp and molasses recovered from the crushing of sugar-beet. Any comparison of domestic prices with prices of imported produce must allow for these additional benefits from domestic production; but again it has been possible, on the basis of limited information, to make only rough adjustments.

Special Trading Arrangements and Quality Differences

Import unit values differ from country to country on account not only of the freight element, but also of differences in the quality of produce imported and because there is not necessarily a single world price. The United Kingdom, for example, both by means of bulk buying until 1954 and under subsequent long-term arrangements with Commonwealth producers, has bought commodities such as wheat and butter at lower prices than those generally paid by other countries; and international agreements for wheat and sugar provide that specified quantities are traded within fixed price ranges, whereas prices for quantities outside the agreement are freely determined. The effect of these differing market conditions was probably greater in the earlier years, when supplies were scarcer and a larger share was traded outside the agreements, than later. However, sugar prices still differ widely amongst various markets. Price differentials between dollar and non-dollar commodities were also important in the earlier period, when monetary conditions in Europe were less settled than today.

Price differences due to differences in quality between the imported and the domestic product are often important also. For some commodities these differences may be relatively small, such as those between Danish and other (European or extra-European) eggs, bacon and butter (price differentials of 10 per cent or less in the British market), but for others, such as cereals or beef, they are greater. Sometimes the domestic product commands a premium over the import — as in the case of the British consumer's preference for freshly slaughtered over imported frozen (and, to a less extent, chilled) meat, where the price differential may amount to some 25 per cent. Or, even for fresh meat, a country may — as happens in France — import only high quality and expensive cuts, to supplement its domestic output, and export less expensive cuts (exchanging forequarters for hindquarters, for example). In a perfectly free market such differences of quality and taste would be reflected in price; the real degree of protection could then be measured by the difference between import unit values and farm prices, after allowing for the difference in quality as indicated by the market differential in price. If tariffs were the only means of protection, and prices were otherwise freely determined, differences in quality could still be taken into account; but existing market arrangements seldom make it possible, in practice, to use relative prices as a yardstick of consumers' preferences.

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[45] Trade in live animals is important in a few countries, but is generally confined to limited distances across adjacent frontiers (for details see Annex II).

Hence, a problem of judgement and interpretation arises in relating import unit values (and to some extent export unit values) to domestic farm prices whenever there appears to be a significant difference in quality. A guess must be made at what the price differential would be in a free market. Sometimes the British market can be used as a rough guide, but tastes and consumers' habits are not necessarily the same in other countries.[46]

Exchange Rate Problems and Industrial Protection

Another difficulty is the need for converting prices from or into national currency. For statistical convenience and ease of comparison, all farm prices and unit values in Tables 19 to 25 have been expressed in dollars. The exchange rates of most western European currencies have been unchanged since 1949, and may, in general, be assumed to be near " equilibrium ". (However, it may be argued that the Deutschemark, for example, is at present under-valued, which would imply that the gap between western German and foreign prices of agricultural products is wider than that actually found.) None the less, in a few countries devaluation has occurred during one of the three-year periods.[47] Where devaluation has taken place at the beginning of the period, its repercussions on internal prices may be presumed to have worked themselves out in the succeeding two or three years; but the nearer the exchange adjustment comes to the close of the period, the more the average dollar price of domestic farm products will be weighted by prices converted at the former exchange rate. This is partly offset by the more limited effects of the devaluation on the internal price level within the period considered.

On balance, domestic prices in dollar terms during 1957-1959 seem likely to be exaggerated by these factors only in France, Spain, Turkey and Yugoslavia, where devaluation occurred either fairly late in the period or after its close, and where (especially in Spain and Turkey) it was a late recognition of how far domestic prices had diverged from those abroad. For these four countries it seems preferable to express prices in terms of the more realistic exchange rates at present in force and (except for Yugoslavia) by including the year 1959/60 and usually omitting two earlier years, depict the present position more accurately.[50] Since internal prices in France and Spain have not risen importantly following the most recent devaluations, the inclusion of one pre-devaluation year at the new exchange rate (so as to obtain an average price) is unlikely to result in serious error. To do this, however, is to assume an approximate stabilization of the post-devaluation price level — an assumption which may be premature, particularly for Turkey.[48]

Exchange rates are another aspect of the more general problem created by the protection of non-agricultural sectors. For any given level of farm prices in national currency, the higher the level of industrial protection, the higher the external value of a country's currency, and, therefore, the lower the effective degree of agricultural protection. It should be emphasized that the margins of agricultural protection measured here are based on exchange rates that are in " equilibrium " only in relation to the existing degrees of industrial protection (and *vice versa*). Thus, for any " nominal " or apparent margin of agricultural protection, the " real " margin of protection will be smaller — depending on the degree of protection accorded to industry, which differs appreciably among industrial western European countries. This important consideration should be kept in mind when the data on agricultural protection presented in this section are interpreted.[49]

For the southern European countries, moreover, the concept of an " equilibrium " exchange rate — even in countries such as Greece and Portugal, where balance-of-payments equilibrium is sustained at current rates — is in any case less relevant than for industrial western Europe, on account of the widespread under-employment of resources and the consequent divorce between relative real costs and relative money costs. The general warning that the degree of protection for agriculture, as established in this study, must be viewed together with the degree of protection of industry is particularly important for these countries. For these reasons, too, less significance should be attached, in general, to the findings in absolute terms than to the relative margins of protection for different products, especially for southern Europe.[50]

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[46] Quality differences are *not* allowed for in Tables 19 to 25 below, which show (adjusted) farm prices in western European countries and foreign trade unit values. They are discussed, however, in Annex I below, and taken into account in Charts 1 and 2, which give a general picture of the results obtained.

[47] The Greek and Austrian devaluations came at the close of the first period. During 1956/57–1958/59 devaluations took place in Finland (1957), France (1957 and the beginning of 1959) and Turkey (1958). Since mid-1959 there has been a devaluation in Spain (August 1959); and with effect from January 1961, in Yugoslavia (see footnote 50).

[48] In Turkey the price level continued to rise fairly sharply after the devaluation of 1958, and for that reason inclusion of the year 1957/58 in an average for 1957/58–1959/60 has not been considered desirable. If farm prices are converted at the current exchange rate in Turkey (9 lire per dollar), they are among the lowest in western Europe and the price of wheat is lower than the world price. This may be only a transitional feature, depending on the level at which internal prices in general finally stabilize. In the meantime exports of most foodstuffs are restricted.

[49] See also the discussion in section 4 below.

[50] The extreme case of rather meaningless absolute margins is that of Yugoslavia. Up to and including 1960, Yugoslavia had a system of multiple exchange rates, with a lower effective dinar/dollar rate for agricultural products, on average, than for industrial products. Yugoslavia has since adopted a single exchange rate with effect from January 1961. The application in Tables 19 to 25 of the new rate of 750 dinars to the dollar

The Reality of World Market Prices

In addition to these exchange rate problems, there are two more general issues. The prices at which agricultural products are (or could be) currently imported into western Europe may be artificially low — in the sense that these products are exported at prices below farm prices (plus exporters' and, where relevant, processing costs) in the overseas producing countries, and thus below their cost; and a larger volume of imports might not be forthcoming at approximately present costs to replace higher-cost output in western Europe.[51] A thorough investigation of the probable relative trends of costs and productivity in Europe and overseas in the coming years is not possible in the context of the present study; [52] but it should be recognized that the world market price for some commodities is at present artificially low. Growing surpluses in western Europe have themselves helped to create this position by depressing prices and leading even traditional exporters to adopt measures of price support.

How different world prices would be in the absence of all forms of export subsidy can only be guessed; much would depend on the elasticity of supply of the producers with the lowest costs. The gap would seem to be important mainly for dairy products, European surpluses of which can at present be disposed of only by exports of butter to the United Kingdom — the sole accessible European market, thus depressing prices. Support payments from stabilization funds to farmers in New Zealand and Australia, and even for a time Denmark, have been required by this situation. Although butter prices may not fall again as low as in 1958, in the period 1957-1959 the average import price to the main importing countries may have been some 10 per cent below the level at which the major producers could supply butter without supporting the price of milk.[53] For other commodities the margin is almost certainly smaller. Of the cereals, wheat exports have been subsidized from France, a major European supplier, and there is price support and acreage restriction in the United States, but the effect of these measures on world prices is probably not more than about 5 per cent.[54] Some deficiency payments were made to New Zealand and Australian meat producers in 1956/57 (partly because of the resumption of large-scale exports from Argentina), but were discontinued as demand and prices rallied in the following years. It seems unlikely, therefore, that average prices in 1957-1959 significantly under-estimate the present supply price for meat, particularly beef and veal. In contrast, average import prices of sugar probably overstate the normal supply price, and on any realistic assessment most western European countries clearly enjoy at present a fairly high rate of protection for sugar-beet.[55]

Conclusion

The measurement of protection used in the present study disregards both more general subsidies on agricultural inputs, the benefits of which are distributed among all or most commodities, and flat subsidies on income.[56] (The most common production subsidies and grants are those paid for fertilizer or feed concentrate, and direct payments to farmers for land improvement). Available evidence suggests, however, that all such payments rarely exceed, in total, about 5 per cent of agricultural output and more commonly amount to only 1 or 2 per cent. Thus, their omission scarcely affects the findings based on prices received by farmers. Other facilities provided from public funds (e.g. irrigation, land improvement or reclamation, general research and advisory services, rural roads or electrification, etc.) are more appropriately treated as part of the general economic infra-

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to Yugoslav domestic farm prices in 1957-1959 brings them well below corresponding world prices (and hence there is provision for export levies on agricultural products — see Chapter I). On the other hand, a mere arithmetical correction of this kind makes no allowance for the consequences to the internal price level, and specifically to the relative prices of inputs and outputs in agriculture, that may follow from the reorganization of the Yugoslav trade and payments system.

[51] This price, as distinct from the prevailing import price, may be called the "import supply price". (Cf. G. Hallett, "The Economic Position of British Agriculture", *The Economic Journal*, September 1959.)

[52] This issue is considered in its wider aspects in section 4 in relation to agricultural policies appropriate to western Europe in the sixties.

[53] But even this is doubtful; Denmark, for example, could possibly export butter without loss at prices only slightly above the 1957-1959 average if it could increase the quantity exported (i.e. replace the supplies now obtained from higher-cost producers).

[54] See the commodity note on wheat in Annex I.

[55] See the note on sugar (Annex I) and Table 21. With this exception, neither Tables 19 to 25 nor Charts 1 and 2 make any adjustment for differences between the import supply price and actual unit values. Where relevant, these differences are discussed in the commodity notes and referred to in the following general appraisal of the degree of agricultural protection.

[56] An alternative method would be simply to measure differences in farm prices for the various products (including those of the main overseas suppliers where appropriate and available), but this method fails to take account of the cost of packing and freight, etc. involved in moving produce across frontiers, which is particularly important for overseas products such as grains. It also ignores the effect on competitive positions caused by lower import prices obtainable by large importers, by the very different relative prices existing in various countries for by-products of processing, and by the effects of differential pricing. Further differences might result from physical conversion factors, processing costs or distribution costs; except for the physical conversion into butter and sugar, the estimates made here allow, in a crude way, only for possible differences in this respect between overseas suppliers and western European countries, but not within western Europe. Problems relating to quality and foreign exchange rates raise difficulties whichever method is used.

structure — rather than as specific support for agriculture. It seems reasonable, therefore, to draw the line between what is and what is not agricultural support after the direct production and income subsidies.

The foregoing discussion of practical and theoretical pitfalls might prompt the conclusion that measuring in this way the degree of agricultural protection for particular commodities is a hazardous undertaking. But although neither the evident margin of statistical error nor some arbitrariness in evaluating quality differences and other issues can be neglected, the broad orders of magnitude yielded by this measurement may put in perspective the scale of agricultural protection in western Europe. In any event, this measurement allows broad conclusions to be drawn about both changes in protection over time and the present relative position of different countries and commodities: it is certainly significant — and relevant for economic analysis — if the margin between domestic and foreign prices for any country or commodity is, say, 10 to 20 per cent rather than 40 or 50 per cent.

The following analysis is confined, mainly for practical reasons, to seven commodities — wheat, barley, eggs, dairy produce, sugar-beet, pigs, and slaughter cattle — which account for almost three-fourths of agricultural output in the industrial countries of western Europe, and for rather less in southern European countries, owing to the greater importance of fruit, vegetables, and industrial crops. A general appraisal of agricultural protection in western Europe, as it emerges from this study, is given below, followed by a more detailed account for each of the chosen commodities in Annex I to this chapter.

(b) The margin of protection: the general picture

Western Europe's competitiveness in some agricultural commodities is stronger than in others. Broadly speaking, its producer prices of meat and eggs (and probably poultry), and also of coarse grains such as barley, are closer to import (or export) prices than are those of wheat, milk products and, to some extent, of sugar (see Chart 1). Over the decade, this relationship has changed little for those commodities for which today the margin is smallest and most for those commodities for which it is now relatively wide. In almost all countries, however, there is currently some degree of protection for even the most competitive commodities.

Commodities

The outstanding examples of a major widening of protective margins are wheat and sugar, and — for several countries — also milk, though most of western Europe has for long lagged behind the major world producers of milk in productive efficiency. Prior to the break in world prices in 1952/53, several countries produced wheat at reasonably competitive prices (after allowing for differences in quality from the overseas product). The rough estimates shown in Chart 1 suggest that at least five countries had a protective margin of less than some 10 per cent (or well within the margin of significance of the crude data); and in a number of other countries prices were not more than 20 to 30 per cent above the world level. In recent years, however, no country has fallen within the 10 per cent range,[57] the spread among countries has widened appreciably, and in several — such as western Germany, Italy, Norway and Belgium — the margin is between 30 and 50 per cent. Even if it is accepted that the import supply price for wheat is higher than the current world price, this picture scarcely changes, for the difference seems to be small.[58]

The change for sugar is in a way even more remarkable. World sugar prices reached so high a level in the early postwar years that protection for sugar-beet growers in almost all western European countries was hardly necessary — indeed, sometimes exports were profitable; but now, with plentiful world supplies, the market is safeguarded from collapse only by means of production and export quotas and specially negotiated prices between producing and consuming countries. Raw sugar is now, and in the foreseeable future should continue to be, available to western Europe at prices well below those paid (for equivalent sugar content) to domestic beet growers. As a result, the margin between domestic and foreign prices has widened to between 20 and 40 per cent in nearly all countries.

Even in the early postwar years the margin between domestic and foreign prices for milk was wider than for other commodities. It was negligible in only two countries — Denmark and the Netherlands; in all others for which data are available it was at least 20 per cent, and in several was as much as, or more than, 40 per cent — notably in the United Kingdom. Since then, the gap has, in most cases, either changed little or else sharply widened, so that a majority of countries now has a margin ranging from some 35 to 60 per cent. This finding requires only slight modification if the import supply price for butter is accepted as being some 10 per cent higher than the average world price in 1957-1959.[59]

Protection for barley, in contrast, was either negligible or small in the early postwar years and almost always less than for wheat; and the change in recent years has also been much less marked (with some important exceptions, such as the United King-

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[57] For southern European countries, see above.

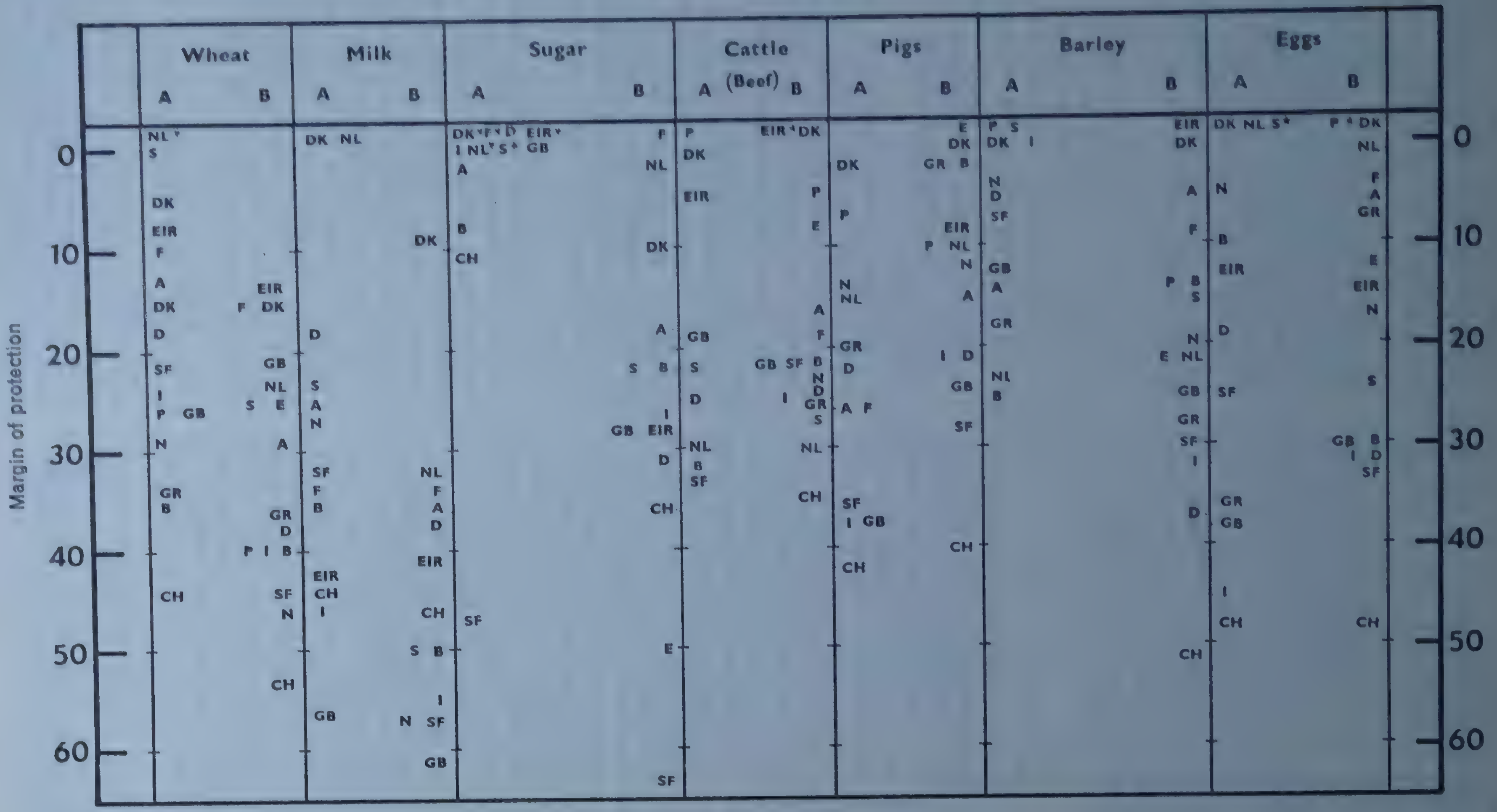
[58] See the commodity note on wheat (Annex I).

[59] See the commodity note on dairy produce (Annex I).

CHART I

Rough estimates of the degree of protection for selected agricultural commodities in western Europe 1950/51-1952/53 (A) and 1956/57-1958/59 (B): commodity by country

Percentages



Sources and methods : See Appendix B.

NOTE. — The margin of protection is measured by the percentage difference between import or export unit values and adjusted domestic farm prices. An asterisk denotes that domestic prices are well below import or export unit values. Turkey and Yugoslavia are not included (see text and Appendix B).

The margins shown in this chart are roughly adjusted for differences in average quality between domestic and imported (or exported) produce and therefore cannot always be compared with the percentages shown in Tables 19 to 25 (Annex I). They are not adjusted for possible differences between average actual foreign-trade unit values and the "import supply price". For further qualifications, and interpretation of this chart, see text.

List of abbreviations

A — Austria
B — Belgium
CH — Switzerland
D — Western Germany
DK — Denmark
E — Spain
EIR — Ireland
F — France
GB — United Kingdom
GR — Greece
I — Italy
N — Norway
NL — Netherlands
P — Portugal
S — Sweden
SF — Finland

dom and western Germany). In most countries, however, the protective margin does not exceed about 20 per cent, reflecting the desire not to raise unduly costs of production for pig meat, poultry and eggs.

With some exceptions (such as Belgium, western Germany and Norway for eggs) protective margins for eggs and meat have not changed appreciably over the decade. Apart from the extreme case of Switzerland, they are not higher than some 30 or 35 per cent; but the protective margin for pigs in the majority of countries is not more than 20 per cent, while the margin for beef is typically of the order of 15 to 30 per cent. Moreover, it may be argued that part of the difference between domestic and foreign prices for eggs and pigs reflects the protection granted to barley growers rather than to suppliers of eggs and pigs.

Countries

To generalize on the relative degree of agricultural protection in different countries is possible only in the broadest terms, since it often varies widely for different commodities within each country and the average is often raised by the much higher margin prevailing for milk and wheat, even when it is rather low for other products. As a rough indication, countries may be classified in three groups — though obviously each group merges into the next and any demarcation is arbitrary; those with a negligible or relatively low degree of protection (not exceeding 20 per cent), those with an intermediate degree of protection (20 to 40 per cent), and those with a high degree (over 40 per cent).[60] (See Chart 2.)

Most western European countries belong roughly to the middle group. Denmark stands out in the first group as the sole country where domestic producer prices are generally in line with world prices, though there is none the less a small gap for sugar (acreage restrictions are applied to beet for the domestic market) and wheat (legislation in 1958 provided for some mild protection of the home market); and Denmark has had difficulty in maintaining the level of milk prices. Probably after Denmark — though at some distance — comes France (since devaluation), but the margin for milk is well over 20 per cent.[61] Austria has a rather low margin for some commodities, but because of higher protection for wheat and milk (nearer 30 per cent) it is on the borderline between the first and second groups. Both Ireland and the Netherlands also fall between two stools. Support is relatively light in Ireland for all main commodities but one — milk, which is rather highly protected, thus bringing Ireland to the borderline between the first and middle group. Similarly, in the Netherlands the support given to milk production (and apparently also cattle for slaughter) has the same result. Countries falling more clearly into the middle group — roughly in increasing order of protection — are Belgium, Sweden, the United Kingdom, western Germany and Italy. In all these countries the margins are greatest for milk (in the United Kingdom among the highest in western Europe), but in Belgium and Sweden, in particular, some commodities enjoy a degree of protection below, or not very much above, 20 per cent.

Switzerland is at the extreme of the group of highly protected countries. For several commodities (those for which western Europe generally is more competitive) Finland and — more importantly — Norway would also fall within the middle group; but in both these countries milk and wheat producers are very heavily supported, so that they must be considered, on balance, as at least bordering on the highly protected group.

In so far as protective margins have widened, on average, in any country since the earlier postwar years, the main cause has been the increased support granted for wheat and, above all, milk. This is most clearly true of the Netherlands (which formerly had no, or only slight, support for most commodities), Norway, Sweden and Finland — the main countries, together with western Germany, where the average margin has clearly widened; but it is also true of Belgium. In western Germany, however, the increase in support has been more general, and only the protective margin for meat has remained almost unchanged.

As was suggested above, the measurement of absolute margins for southern European countries is rather less significant, and only the relative margins for different products are meaningful. Although the emphasis is gradually shifting, it is still a fair generalization that these countries have directed their price and income support policies in agriculture towards the basic subsistence crops, such as wheat,[62] and the results of this policy are reflected in the present findings. In all these countries wheat enjoys a much higher protective margin than other commodities, particularly livestock products.[63] While no realistic

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[60] For reasons indicated above, southern European countries are excluded from this classification and discussed separately.

[61] For France the margin for milk can only be determined within broad limits (a probable minimum of 30 per cent and maximum of 50 per cent). See the commodity note on milk and milk products (Annex I).

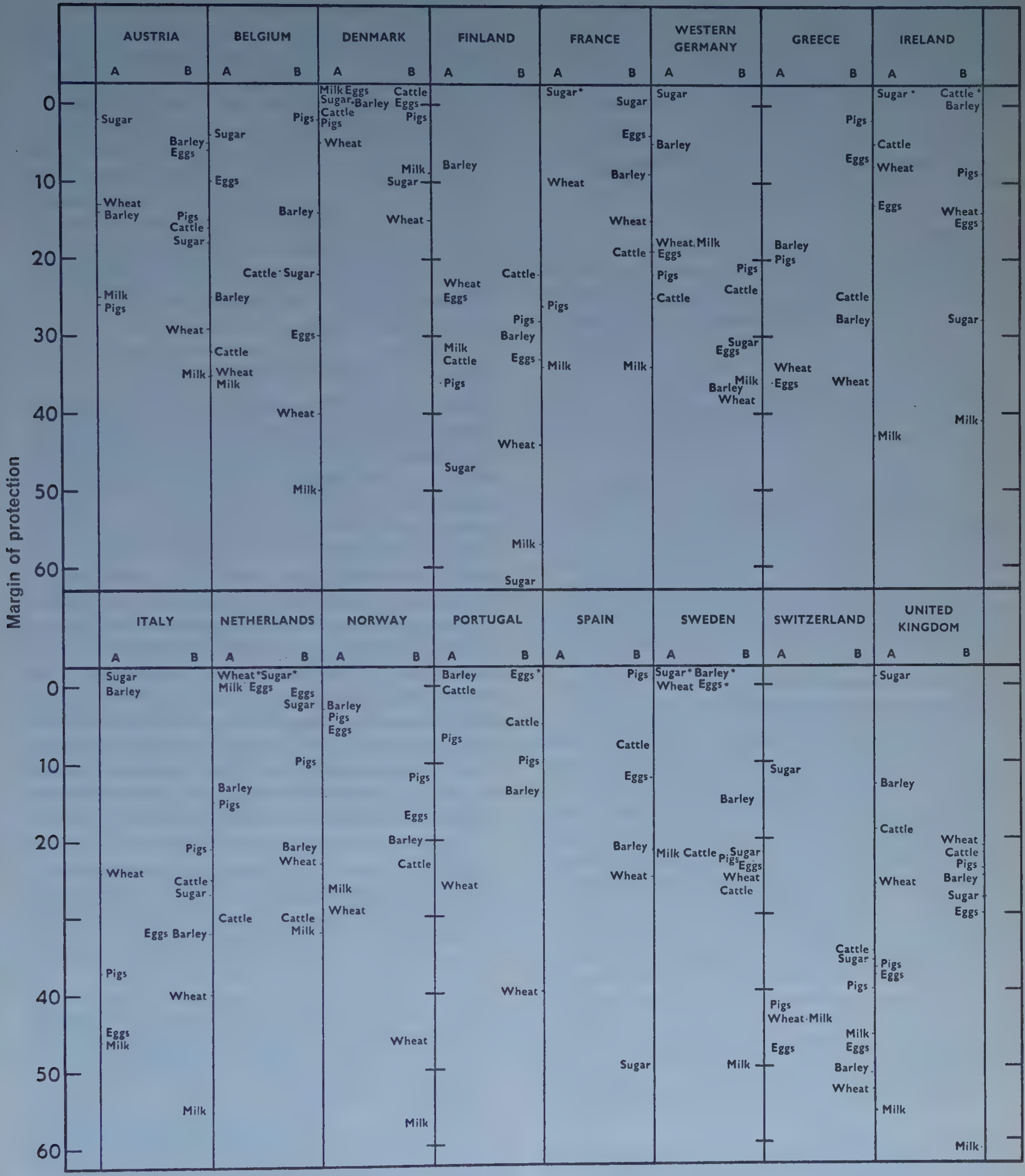
[62] See the SURVEY for 1959, Chapter VII; and section 4 of the present chapter.

[63] Yugoslavia is an exception. In that country the margin between domestic prices and import or export unit values is narrower for cereals than for other commodities. In recent years considerable progress has been made in raising yields and reducing costs (cf. the SURVEY for 1959, Chapter VII, especially the Appendix). The data available for Turkey are too limited to permit any firm conclusions.

Chart 2

Rough estimates of the degree of protection for selected agricultural commodities in western Europe 1950/51-1952/53 (A) and 1956/57-1958/59 (B) : country by commodity

Percentages



Sources and methods : See Appendix B.

NOTE. — The margin of protection is measured by the percentage difference between import or export unit values and adjusted domestic farm prices. An asterisk denotes that domestic prices are well below import or export unit values. Turkey and Yugoslavia are not included (see text and Appendix B).

The margins shown in this chart are roughly adjusted for differences in average quality between domestic and imported (or exported) produce and therefore cannot always be compared with the percentages shown in Tables 19 to 25 (Annex I). They are not adjusted for possible differences between average actual foreign-trade unit values and the "import supply price". For further qualifications, and interpretation of this chart, see text.

assessment of the absolute level of support may be made for Turkey and Yugoslavia, a generalization may be risked for Greece, Portugal and Spain (since the latter country's devaluation). In these countries (and disregarding industrial crops) the protective margin is relatively light for commodities other than grains, which, however, weigh more heavily in total agricultural output than in industrial western Europe. Indeed, in Portugal, wheat is the only commodity to receive any real degree of support.

(c) Policies of protection and income support in western Europe

It was shown earlier that in almost all western European countries, and for most major agricultural commodities, wide margins separate the prices received by farmers for these commodities and the prices at which they can be bought or sold on the world market. These margins of protection are the outcome of a bewildering variety of support schemes applied for the benefit of agricultural producers in western Europe. The economic effects of these schemes are considered below.

The details of the agricultural support schemes are largely immaterial for the present purpose and have not been reproduced here.[65] The methods used in operating the schemes have been dictated, for the most part, by administrative convenience and tradition, although it is doubtful whether, in practice, the existing regulations are always the most convenient. Many of the schemes evidently owe their shape to piecemeal elaboration, and could certainly benefit from streamlining without any change in their economic effect.

The primary purpose of support schemes in western Europe — apart from the short-term aim of stabilizing agricultural markets and incomes, which does not substantially affect the long-term trends with which this study is concerned — is to raise incomes in agriculture. At the same time, they are used to influence the pattern of production, although this seems largely an attempt to mitigate some of the more undesirable consequences of the primary purpose of income support. In southern Europe, it is true, the emphasis is increasingly on the expansion of production, and higher incomes in agriculture are only an indirect aim, in so far as they result from higher output. In those countries, as in overseas under-developed countries, the large proportion of the population working in agriculture, and low levels of income generally, make a redistribution of income in favour of the farm population impracticable.[66]

The schemes have, however, many incidental effects which are considered in this sub-section in the light of diverse situations of agricultural supply and demand for which different policies are clearly appropriate. To illustrate by an example very relevant for north-western Europe, a policy of income support for farmers that yields a rapid growth of output is not appropriate to a country already confronted with accumulating agricultural surpluses. An analysis of the secondary effects of the various support schemes is facilitated by outlining only the major variants of the schemes and omitting some administrative details.[67] Thus, agricultural support schemes may, for present purposes, be classified into three major categories: those which (i) support prices paid to producers; (ii) subsidize costs of production; or (iii) grant flat income subsidies to producers.

(i) *Support of Producers' Prices*

The first category comprises the most common schemes. To assess their effect a further distinction is useful: whether or not the schemes are implemented by restrictions on foreign trade. If they are, quantitative restrictions, import duties, state trading, or multiple exchange rates are used to raise the level of domestic producers' prices above " world market prices ", and domestic consumers meet the bill by paying higher prices. This is the scheme used in nearly all western European countries. In the alternative system, which is largely applied in the United Kingdom and, to a certain extent, in the Netherlands, foreign trade is, in principle, unrestricted. Consumers pay world market prices, but producers receive deficiency payments from public funds when the market price falls below a guaranteed minimum. The support price may cover the whole of a farmer's output, or be limited to a certain quantity,[68] or a certain sum. Both systems result in higher prices for the producer: the difference is in who pays the subsidy that the farmer receives — the general taxpayer or the consumer. Part of the cost in either case is likely to be borne by foreign suppliers.

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[65] The interested reader is referred to the annual reports of the OEEC Ministerial Committee for Agriculture and Food, *op. cit.*; FAO, *National Grain Policies*, Rome 1959 (and supplements 1 and 2, 1959 and 1960), and *National Dairy Policies in Advanced Countries*, Rome 1960.

[66] This does not mean that governments in southern European countries do not attempt to support agricultural incomes, particularly through the price of wheat. It implies, however, that the attempt to raise the real incomes of such a large proportion of the population must be largely self-defeating, and that any gain in income can only be temporary if not accompanied by higher output. For further discussion see section 4 below.

[67] For a more detailed discussion of these issues, see the *Report of the Expert Working Party on Agricultural Support Measures*, FAO, Rome, December 1956; and the *Report of the Expert Panel on Agricultural Price Stabilization and Support Policies*, FAO, Rome, April 1959, reprinted in *An Enquiry into the Problem of Agricultural Price Stabilization and Support Policies*, FAO, Rome 1960.

[68] The effect on output of limiting the price guarantee to a certain quantity — as is increasingly the practice — is relatively small if the limitation refers to total national production. Since the individual farmer has no influence on the price, he will expand his output on the basis of his assessment of what the average (of the supported and unsupported) price is going to be. As increasing " excess " production fetches only free market

What are the consequences of these arrangements? If, as a result of trade restrictions, producers' and consumers' prices are raised above world market levels, production is encouraged and consumption discouraged — the extent of this tendency depending on the demand and supply functions and on the level of protection.[69] No great difficulties are met in operating such a policy so long as imports can be displaced. Sooner or later, however, self-sufficiency will be reached — and surpluses appear. This is the stage now reached for a number of commodities in several western European countries. The surpluses may then be exported for what they will fetch, with or without a change in price support for producers. If prices are still supported at the same level, domestic consumers may be made to finance these exports through a system of differential pricing between home and foreign markets; alternatively, taxpayers will have to foot the bill. If price support is limited to the amount that can be sold at home, average prices received by farmers, and their incomes, will decline. In either case, there will be complaints of dumping abroad and, probably, retaliation. In short, at some stage the system breaks down and production has to be curtailed.

The alternative system — of deficiency payments and unrestricted imports — is not, in its effect, quite so different from the method just described as is sometimes claimed. At home, consumers will benefit from lower prices; but as taxpayers they will have to pay more. The main advantage here is that the burden of supporting the farm community is presumably more equitably distributed by way of the general system of taxation than by way of the flat surcharge on foodstuffs resulting from import restrictions. But this distinction is blurred to the extent that consumer subsidies are paid to offset this increase in consumer prices.

In their trade effects, both types of scheme are much the same: home supplies displace imports. The ease of import substitution depends, as with tariffs, on the elasticity of supply from the foreign producer.[70] With deficiency payments, self-sufficiency may be reached somewhat more slowly; for, whereas home production is stimulated by higher prices, consumption is not simultaneously constrained. If the level of agricultural protection is fairly similar for all or most products, this difference of effect is, however, likely to be small since it then depends largely on the different distribution of income resulting from the two schemes: the price effect of a general reduction in prices of agricultural products on their consumption may probably be disregarded. In any event, the final result of both schemes is much the same: expansion of domestic output leads eventually to self-sufficiency by way of import substitution and then to surpluses, which have to be disposed of abroad. The most important difference between the two schemes is probably that the cost of direct support of agricultural incomes is clearer, with the result that a better informed political decision can be made as to its acceptability.

The problem of agricultural surpluses can be alleviated temporarily by so changing relative support prices as to favour commodities for which the degree of self-sufficiency is still low; but this is plainly no lasting solution. Moreover, such changes of prices sometimes have effects that run counter to the pattern of production most desired for other reasons. In the Netherlands, for example, the recent change in support prices in favour of grain production, representing a shift from a more to a less labour-intensive product, intensifies the problem of surplus agricultural labour, and presumably raises the cost of agricultural support since a higher level of support is needed for any given income guarantee.

In practice, all countries differentiate their support by commodities. This to some extent reinforces the case for systems which do not interfere with consumer prices through the restriction of trade, although cross-elasticities between foodstuffs are often so low that little importance attaches to this argument. It may be added that differential trade restrictions need not disturb relative consumer prices, if compensatory subsidies are paid to consumers. But then the chief advantage frequently claimed for schemes relying on trade restrictions over those based on direct payments to producers, i.e. their greater administrative simplicity, is lost.

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prices, he will cut his output, but it will always be larger than without any support. This need not be true if guaranteed quantities are set for individual producers — as has recently been done for wheat in Canada. If this quantity is smaller than would have been produced even at the unsupported price, price support has no influence on the volume of output, and is equivalent to a flat subsidy on incomes, as discussed below.

[69] Clearly, protection of other sectors or commodities may, to a greater or less extent, offset this tendency.

[70] As is well known, the more tariffs result in import substitution, i.e. the more elastic is the supply of foreign exports, the smaller the share of the "price burden" that is placed on the foreign supplier, and the larger the share on the domestic consumer; and vice versa. Similar arguments apply to quantitative restrictions, with the further qualification that the distribution of the "burden" depends on the method of restriction used. With deficiency payments, if the elasticity of foreign supply is low, import substitution will be difficult; prices will then fall sharply, to the benefit of consumers, and the Treasury will have to meet large deficiency payments by increasing taxation; but, in effect the burden of price support is then borne by the foreign supplier through the deterioration in its terms of trade. If the foreign elasticity of supply is high, import substitution will be large, prices will not fall much, and the consumers *qua* taxpayers will pay most of the price support.

(ii) *Lowering Producers' Costs*

Agricultural incomes can be supported in other ways without recourse to the creation of a protective margin with which this section has mainly dealt so far.[71] The second of the three broad categories of support schemes distinguished above consists of lowering producers' costs. The standard example of this is the subsidy on fertilizers granted in most western European countries. Presumably this induces a greater use of fertilizers than otherwise,[72] which is not necessarily always desirable. In some countries of north-western Europe, where fertilizer consumption is already very large, the cost of the additional fertilizer is probably higher than the value of the additional output, if both are reckoned at their unsubsidized levels. Even though there may still be a net gain to the farmer, since he sells his additional output in a protected, or guaranteed, market, this seems a very inefficient way of supporting his income.[73] In extreme cases it may even mislead the farmer into believing that he is bound to be better off by using more intensive methods and achieving higher yields per hectare.

Similar criticisms may be made of all subsidies on inputs tending to expand output when higher production should no longer be the aim, or consequence, of an efficient policy of supporting agricultural incomes. Much better results may then be expected from measures which quicken the outflow of labour from agriculture. Thus, a policy of subsidies for mechanization, for example, and other labour-saving arrangements, such as consolidation of holdings, appears to be a far better method of supporting agricultural incomes in north-western Europe, where opportunities of alternative employment are open to manpower becoming redundant in agriculture. In southern Europe, however, where ample scope still exists for the absorption of higher output in increased consumption or exports, and where alternative employment is likely to be scarce for a considerable time to come, subsidies and other methods of promoting, for example, a greater use of fertilizer and high-quality seed can do much to raise yields, output and — as Yugoslav experience shows — the net income of farmers.[74]

(iii) *Income Subsidies*

Finally, incomes of farmers may be protected by flat subsidies, unrelated to inputs or output. In that case, neither the pattern of production or inputs, nor foreign trade is disturbed; but farm incomes are raised by a certain amount, or to a certain level, by means of grants. But such a scheme is not used anywhere as a general method of agricultural support;[75] similar methods are, however, used in Sweden to raise the incomes of small farmers. This illustrates the general advantage of this type of support; it can be given to those who need it most, without benefits to other farmers, whose incomes would be at a reasonable level without support. As was noted in the preceding section,[76] agricultural incomes cover a wide range depending on the size of the farm and its location. It would seem therefore that a support policy aiding all farmers indiscriminately is a very inefficient way of raising the incomes of the poorer sections of the agricultural community to "reasonable" levels.

It should not be thought that direct income subsidies — which might take the form of direct tax remissions, where the level of taxation on the poorer farmers is high enough — do not affect agricultural production. In so far as they tend to keep marginal farmers on the land, agricultural output will be higher, and imports lower, than otherwise; but it may be doubted whether this effect is large. Many marginal farmers are elderly and will not leave farming under any circumstances.[77] Subsidizing their incomes is therefore likely to have highly desirable social, and hardly any undesirable economic, effects.

What, then, are the implications for agricultural policy of this general discussion of the effects of the support schemes operated in western Europe? Clearly, their adequacy can only be judged against the background of the developing demand/supply situation for agricultural products. Some factors relating to productivity have already been discussed in section 1; the outlook for demand for, production of, and foreign trade in, agricultural products is considered below.

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[71] See p. 21 above for discussion of the unimportance of these other measures in relation to those affecting producers' prices.

[72] If not, it amounts to a direct income grant to farmers, the amount of which is geared to their existing level of fertilizer consumption.

[73] "... there is a wide range between the different countries, some of which are approaching that point where net return per acre for money expended on fertilizer is a major consideration. In these countries, ..., there must be a considerable proportion of farmers already using fertilizers at the optimum economic point and in fact probably some of these at a point exceeding the economic optimum". See European Productivity Agency of the OEEC, *Economic Optimum Fertilizer Use*, April 1959 (Documentation in Food and Agriculture, 1959 series, No. 2, Project No. 393), p. 51; cf. also pp. 5, 9-10 and 52. "Economic optimum" refers here to private profitability, based on current (subsidized) prices of output and fertilizer inputs.

[74] See section 4.

[75] A consideration which policy makers presumably cannot disregard is the widespread disinclination of farmers for direct income subsidies as compared with indirect support by means of price adjustments.

[76] See section 1, pp. 15-17.

[77] See section 4, p. 42.

3. CONSUMPTION AND PRODUCTION PROSPECTS, AND TRADE IN AGRICULTURAL PRODUCTS

(a) The outlook for consumption and production

Any agricultural policy clearly has to take account of how the supply of, and demand for, agricultural commodities are expected to develop. If supply threatens to exceed future demand, different policies are evidently required from those advisable when shortages are in prospect. As a guide to agricultural policy, therefore, at least a rough assessment of the likelihood of future imbalances in supply and demand seems necessary. This is the purpose of the projections of demand and supply for agricultural products shown below. They distinguish three sub-regions in which differences in the development of production of, and demand for, agricultural products are large enough to have quite divergent implications for policy.

For the present purpose, no great precision is required — nor could it be attained. All that is needed is a broad indication of the relative changes in supply and demand, together with the existing degree of self-sufficiency. Projections of demand for foodstuffs inspire more confidence than those of production; and demand, which depends mainly on population and income growth, will be only marginally modified by a change in agricultural policies whereas production trends could be significantly changed. Thus, the production projections are no more than indicators of the direction in which policy may have to change.

The Present Level of Food Consumption

Per capita consumption of all foodstuffs, in quantitative terms, eventually reaches a saturation level; it is interesting to see how far present consumption falls short of this level. Table 15 shows current per capita consumption of a large number of foodstuffs in western European countries; the United States is included to illustrate the level of food consumption when incomes are very high.

A rough pattern emerges from the data presented in the table. The lowest standards of consumption prevail in southern European countries, characterized by low consumption of animal protein and sugar, and a very high share of cereals and potatoes in the total intake of calories. Per capita consumption of animal protein in Greece, Portugal and Yugoslavia is some 40 per cent of the level attained in the United States; in Spain and Turkey it is much lower still. Excepting Yugoslavia, this is partly compensated by high consumption of fruit and vegetables, but for a more balanced diet in these countries consumption of animal protein would have to rise sharply. Even an increase by one-third over the next ten years, as discussed below, would raise the per capita intake of animal protein in southern Europe to only one-half of the level already attained in the United States and likely to have been reached, by then, in the more industrialized countries of western Europe.

Consumption standards in the countries of the EEC, as a group, are much higher; but in Italy the national level is closer to those in the southern European countries mentioned above, owing to the disparity in standards between the north and the south. Consumption of animal protein in EEC countries is twice as high as in southern Europe, but still one-third below that of the United States. Vegetables and fruit are consumed in fairly large quantities, although generally on a smaller scale than in southern Europe or the United States. Consumption of cereals, potatoes, or both is still nearly as high as in southern Europe, despite far higher incomes, and is still much higher than in the United States. Climate and habit may partly account for this taste for bread and potatoes in the diet of the EEC countries, but it seems likely that in some ten years' time the importance of these foods will approach that in the United States.

Food consumption in the remaining western European countries in general resembles that in the EEC, but is in some respects superior. The percentage of calories derived from starchy foods is even smaller, with the exception of Austria and Ireland, than in the EEC countries; and absolute consumption of animal protein is only some 20 per cent below that in the United States (except in Austria, where it is one-third below). Almost as much sugar is consumed as in the United States, and much more than in the rest of Europe; and consumption of liquid milk has generally also reached a level above which it is unlikely to rise much. The already high standards of food consumption in north-western Europe result in their growing more slowly than in southern Europe; for present per capita consumption — even in the most dynamic groups (fruit, eggs and meat) — leaves relatively little scope for further expansion.

Demand Prospects up to 1970

An estimate of prospective demand for competing foodstuffs cannot be based on recent trends in consumption, since these have been materially affected by the aftermath of the Second World War. During the war the proportion of calories obtained from animal food declined; afterwards there was a tendency in most western European countries to return to patterns of food consumption broadly resembling those of pre-war years. This tendency (which was only partly masked by the effects of rationing) continued until the

TABLE 15

Food consumption levels in western European countries, 1956/57 - 1958/59

Kilogrammes per head, per year, unless otherwise stated

Commodity	Southern Europe					European Economic Community					Other north-western Europe							United States
	Greece	Portugal	Spain	Turkey	Yugo-slavia	Belgium	France	Western Germany	Italy	Nether-lands	Austria	Denmark	Ireland	Norway	Sweden	Switzer-land	United Kingdom	
Cereals, total	164.5	123.7	114.7	201.2	184.4	93.3	108.0	90.5	142.3	86.5	116.1	84.1	120.2	85.4	75.1	98.6	85.3	67.1
of which : Wheat	152.3	62.3	98.1	166.9	130.0[a]	86.0	99.9	59.8	120.8	74.3	(70.0)	45.1	113.2	(68.0)	55.3	82.5	78.3	55.7
Potatoes	41.2	111.3	114.4	35.2	61.2	147.0	114.0	149.0	48.0	90.0	94.1	129.0	144.6	104.0	100.7	73.0	94.6	47.7
Sugar (refined)	11.2	16.4	15.7	11.8	12.6	31.2	29.1	29.3	18.2	43.2	34.5	48.5	42.3	40.2	43.8	42.2	51.6	46.2
Vegetables	109.9	104.6	108.4	76.6	46.2	67.6	127.0	46.7	112.8	67.5	64.6	66.6	61.7	37.7	27.3	77.4	60.2	96.8
Fresh fruit	95.6	65.0	71.0	74.9	41.6	57.2	43.7	71.1	67.9	52.2	76.2	54.4	25.2	51.8	56.0	88.8	44.0	66.4
Meat,[b] total	19.6	16.3	15.2	13.8	23.7	56.3	70.0	52.0	23.3	42.8	50.1	69.4	58.1	37.9	51.5	53.9	65.5	82.1
of which : Beef and veal	4.1	5.2	5.4	5.8	6.6	21.3	28.6	17.7	14.8	17.1	16.7	21.8	14.9	14.0	19.3	21.5	23.6	33.3
Eggs	5.1	2.7	5.1	1.7	3.2	14.9	10.3	11.8	8.3	11.5	9.8	8.6	15.0	7.9	10.3	9.9	14.1	20.5
Liquid milk	39.2	16.2	62.5	36.0	81.0	94.2	94.0	119.1[c]	58.0	168.6	168.9	119.6	192.7	190.4	152.6	195.5	146.8	137.8
Cheese	9.7	1.2	1.6	5.2	4.9	5.4	8.6	6.5	6.7	7.0	4.1	7.0	2.8	8.4	6.6	8.1	4.3	6.0
Fats and oils,[d] total	17.8	16.0	17.0	7.7	9.5	21.3	17.2	25.3	15.1	24.6	18.5	27.9	20.3	25.6	20.8	18.3	22.1	20.6
of which : Butter	1.2	0.6	0.1	3.3	0.9	8.4	6.0	6.1	1.3	3.6	3.4	9.4	15.1	3.1	7.7	5.5	6.7	3.1
Margarine	. .	0.3	. .	—	0.2	10.0	2.1	11.5	1.0	18.7	4.0	17.9	2.5	23.3	14.6	1.9	6.3	3.7
Animal protein,[e] total	25.0	25.0	20.0	15.0	25.0	46.0	49.0	45.0	25.0	43.0	44.0	55.0	56.0	50.0	52.0	52.0	51.0	66.0
of which : From milk and dairy products	12.0	2.0	8.0	6.0	13.0	18.0	17.0	19.0	10.0	23.0	21.0	22.0	29.0	25.0	24.0	28.0	20.0	26.0
Animal protein as percentage of total protein	*27.0*	*35.0*	*28.0*	*17.0*	*27.0*	*53.0*	*51.0*	*57.0*	*33.0*	*54.0*	*51.0*	*60.0*	*57.0*	*59.0*	*63.0*	*57.0*	*59.0*	*71.0*
Fat[e]	81.0	68.0	76.0	49.0	72.0	117.0	105.0	124.0	71.0	123.0	107.0	158.0	130.0	133.0	128.0	123.0	140.0	142.0
Calories from cereals and potatoes as percentage of total calories	*58.0*	*59.0*	*53.0*	*71.0*	*67.0*	*40.0*	*43.0*	*39.0*	*56.0*	*34.0*	*43.0*	*31.0*	*41.0*	*33.0*	*31.0*	*34.0*	*31.0*	*24.0*

Source : OEEC Statistical Bulletins — General Statistics, 1960, No. 5.

NOTE. — These figures, derived from the food balance sheets submitted annually by the member countries of OEEC, provide a rough indication of the average quantities available for food consumption per head per year. Global quantities available for human consumption in each year are obtained by deducting from the total annual availabilities (defined as home production *plus* or *minus* changes in stocks, *plus* imports and *minus* exports) the quantities used for non-food purposes, such as feed, seed, industrial uses, etc. Allowances for waste (i.e. wastage on farms and distribution losses) are also made.

[a] Including rye.

[b] The total for meat, and the figures for beef and veal, are measured in carcase weight.

[c] Including cream.

[d] The total for fats and oils, and the figures for butter and margarine, are measured in terms of fat content.

[e] Grammes per head per day.

TABLE 16

Foodstuffs : projections of demand in 1970, by areas

Index numbers of volume, 1959 = 100

Commodity ↓	Southern Europe				European Economic Community				Other north-western Europe			
Income per head →	Medium 138	High 162	Medium 138	High 162	Medium 146	High 162	Medium 146	High 162	Medium 131	High 146	Medium 131	High 146
Population →	117		117		106		106		105		105	
	Per capita		Total		Per capita		Total		Per capita		Total	
Cereals	99	99	116	116	88	83	93	88	90	85	95	90
Potatoes	97	96	114	112	88	83	93	88	92	88	96	92
Sugar	132	152	154	177	122	129	129	137	104	106	109	111
Fruit (excluding bananas)	113	121	132	142	119	126	127	134	115	122	121	128
Fats and oils (excluding butter)	115	129	138	150	112	117	119	124	107	111	113	116
Milk products	112	120	131	140	111	114	117	121	106	109	111	114
of which : Liquid milk	112	119	131	140	107	109	113	116	99	99	104	104
Cheese	115	124	135	145	118	125	126	132	108	112	114	118
Butter	113	121	132	142	112	117	119	124	114	121	120	127
Other milk products	115	124	135	145	115	120	122	127	113	119	119	125
Eggs	127	144	149	169	120	127	127	134	110	115	115	120
Meat	127	143	149	168	122	129	129	137	112	118	118	124
of which : Beef and veal	119	130	139	153	125	134	133	142	113	119	119	125
Pulses and nuts	92	88	108	103	91	88	96	93	94	91	99	95
Vegetables	105	108	123	127	106	108	112	115	104	106	109	111

Sources and methods : See text and Appendix B.

NOTE. — " Medium " and " High " refer to two different assumptions concerning the rate of growth of per capita income; see text.

late forties or early fifties, by which time per capita food consumption in most countries had re-attained pre-war standards. Since then, the trend in favour of higher quality foods has continued: with very few exceptions, per capita consumption of fruit and meat is now above pre-war levels and that of wheat and potatoes has diminished.

At very high levels of income the rate of population growth tends to be increasingly important in evaluating projections of demand for food; for the income elasticity of demand for food (in terms of quantity, or at farm-gate prices) falls as incomes rise. But in most western European countries the population growth expected during the sixties is only moderate, whereas in southern Europe it may be almost three times as large. The population projections have been combined with two hypotheses concerning rates of growth of per capita income; the " medium " one is probably the more realistic for the next decade; the " high " hypothesis is improbable (though not impossible), and has been used mainly to test the possibility that a very rapid increase of incomes might correct the imbalances likely to arise between the growth of demand and production. The rates of growth assumed for the demand projections from 1959 to 1970 are summarized below.

Area	Income per head				Population
	Annual percentage increase		*Index numbers, 1959 = 100*		
	Medium	*High*	*Medium*	*High*	
European Economic Community	*3.5*	*4.5*	146	162	106
Other north-western Europe	*2.5*	*3.5*	131	146	105
Southern Europe	*3.0*	*4.5*	138	162	117

To obtain estimates of increases in total and per capita consumption, these projections have been combined with a set of elasticity coefficients, different for each group of countries. The average income elasticities used here are implicit in a recent comprehensive study of demand for foodstuffs in Europe in 1965, prepared jointly by ECE and FAO and using rather refined techniques.[78] It should be noted that the application of these coefficients at the higher income levels considered here imparts a certain upward bias to the estimates since the quantity elasticity of demand for food tends to decline with rising incomes. The resulting estimates of demand for food in western Europe in 1970 are shown in Table 16.

As may be seen from the table, the projected increases in per capita demand for food are largest in southern Europe — which is hardly surprising. The effect of these higher demand elasticities on total demand for food is magnified by a much more rapid growth of population. As a result, even if the lower of the two rates of income growth is postulated for southern Europe, and the higher one for the rest of western Europe, demand for food should increase a good deal faster in southern Europe. Even demand for starchy foods would increase appreciably since a small decline in per capita consumption is greatly outweighed by the rapid increase in population.

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[78] See, ECE in co-operation with FAO, *European Agriculture in 1965*, Geneva 1960; and FAO, *Trends in European Agriculture and their Implications for Other Regions*, EC/60 (6). The coefficients thus obtained are on the whole similar to those contained in various other recent studies based on simpler methods. For further details, see Appendix B.

TABLE 17

Foodstuffs : projections of production and demand in 1970, by areas

Index numbers of volume, 1959 = 100

Commodity	Southern Europe			European Economic Community			Other north-western Europe		
	Production	Demand		Production	Demand		Production	Demand	
		Medium	High		Medium	High		Medium	High
Cereals	122 [a]	116	116	119 [a]	93	88	110 [a]	95	90
Potatoes	123	114	112	103	93	88	95	96	92
Sugar	159 [b]	154	177	134 [b]	129	137	112 [b]	109	111
Milk (including milk products)	140	131	140	131	117	121	114	111	114
All meat	(137)	149	168	(129)	129	137	(121)	118	124
of which : Beef and veal	131	139	153	134	133	142	114	119	125
Pig-meat	141	(159)	(183)	124	(126)	(134)	127	(117)	(123)
Eggs	204	149	169	149	127	134	131	115	120

Sources and methods : Demand — see Table 16; production — see text.

[a] Wheat only.

[b] Sugar-beet production.

NOTE. — " Medium " and " High " refer to two different assumptions concerning the rate of growth of per capita income; see text.

The differences in the projected increases in demand for food between the EEC and the other countries of north-western Europe are much smaller; for some commodities, such as sugar and liquid milk, and to a less extent for meat and eggs, they reflect the somewhat lower per capita consumption standards in the EEC. The greater part of the divergence, however, is due to the faster rate of growth of incomes foreseen for the countries of the Community, which will go far to eliminate differences in per capita food consumption in north-western Europe during the next decade. As a corollary of progress in nutritional standards, a fall in per capita consumption of cereals and potatoes (and pulses), in conjunction with the small increase in population, is expected to result in a pronounced decline in total consumption of those products. In some north-western European countries, the increase in consumption of liquid milk also depends entirely on population growth.

The Outlook for Production : Growing Imbalances?

To project agricultural production is probably much more hazardous than to project consumption. Agricultural output has been growing very rapidly in western Europe during the last decade, and although it is generally agreed that the margin for further expansion is still wide, opinions vary as to the rates of growth that might be attained. It may be — although agricultural experts do not think it likely — that in the countries with the most advanced agricultural techniques, diminishing returns will offset the gains from technical progress. But if this were true, there would still be ample scope, even in those countries, for raising standards of farming everywhere to the level of the most advanced farmers — and thus for large increases in output.

For the purposes of this study, projections for individual commodities have been made by further extrapolating the future trends arrived at in the recent ECE/FAO documents mentioned above.[79] These studies consider production prospects only up to 1965, and not all relevant factors are necessarily valid for a longer period; given this proviso, it has none the less seemed legitimate, for present purposes, to extend the rates of growth in agricultural output to 1970.[80]

Table 17 shows the results thus obtained, together with the projections of demand for foodstuffs discussed above. This confrontation indicates that, on the " medium " income hypothesis, the projected growth of production tends to outstrip the expected increase in demand for most commodities and in all areas, with the only major exception of meat in southern Europe (and, to a less extent, except beef and veal in "other north-western Europe"). On the — less likely — " high " income hypothesis, higher demand would tend to restore the balance for milk products (except in the EEC), and demand for sugar in southern Europe, and perhaps in the EEC, might rise faster than output; demand for meat would then largely exceed the projected increases in production, except for pig-meat in " other north-western Europe ". But, with higher incomes, the gap between production of and demand for " inferior " products such as cereals and potatoes would further widen, especially in north-western Europe.

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[79] See ECE/FAO, *European Agriculture in 1965, loc. cit.*, for a detailed discussion of the prospects for agricultural production in Europe.

[80] This appears to apply even to beef production, the most doubtful case, where the first-line reserve for expanding output — through decreased slaughter of calves and increased fattening for beef production — probably leaves a sufficient margin for expanding output (at the rate foreseen) up to 1970.

By and large, it appears that production is likely to grow faster than demand for foodstuffs in western Europe, even if incomes grow quickly. The outlook seems particularly bleak in north-western Europe where only greater production of beef — and, perhaps of pig-meat in the EEC — seems to offer an opportunity for a shift in the pattern of production.[80a] In southern Europe, the risk of a great expansion in agricultural output failing to find a ready market is much smaller, at least if rapid economic growth is achieved; in that case the main problem of these countries might rather be to ensure the required increase in agricultural output.

The problem of output in excess of demand might be eased, to some extent, by adjustments in consumer prices. Demand for some foodstuffs would rise in response to lower prices, although a significant increase in total food consumption would be unlikely. A decline in butter prices relative to those of margarine would tend to raise butter consumption, and would go some way towards restoring the balance between milk consumption and production.[81] Similarly, demand is fairly sensitive to changes in relative prices of different kinds of meat: an increase in consumer prices of beef relative to those of pig-meat (and poultry and eggs) would cause some shift in consumption in favour of the three other products thus relieving any possible shortage of beef and over-supply of other meat or eggs. This is especially important inasmuch as production of the latter is much more readily adjusted to changes in market demand than that of beef.

As feed grains account for a large part of total production costs of pig-meat, poultry and eggs, their prospective market situation is relevant here. Demand for feed grains is obviously geared to output of these animal products, in proportion to their diverse feed requirements. On this basis, the increase in feed grain requirements in western Europe up to 1970 may be roughly estimated — as shown below, alongside projections of increases in output.

	Production	*Demand*
	Index numbers, 1959 = 100	
Southern Europe	142	158
European Economic Community	123	131
Other north-western Europe	115	128

Sources and methods : See Appendix B.

Demand for feed grains will probably increase more slowly than indicated here, as a result of continuing improvements in feeding methods; the diminishing number of horses will need less fodder; more wheat of low quality will become available for poultry feeding; and direct human consumption of " feed grains " may further decrease in favour of wheat,[82] thus freeing more grain for livestock feed. The net effect of these various factors is difficult to estimate; but it seems clear that the projection for feed grains shown above could be importantly changed; growth of output and demand is likely to be nearer balance. At any rate, the possibilities of expanding low-cost production overseas are large.

The effect of any imbalance in the growth of production and consumption will differ according to the trading position of the countries concerned. For net importers, any faster increase of production than consumption will result — with or without the help of import restrictions — in lower net imports. A rapid expansion of dairy output in southern Europe, for example, should be not troublesome but appropriate, inasmuch as it diminishes import needs and eases persisting pressure on the balance of payments. The main problem in those countries is rather how to meet the ambitious increases in output (apart from wheat and potatoes) anticipated here. It is only for those commodities of which they expect to export the increased supplies, such as wheat and eggs in some countries, that difficulties are likely to arise.

Such problems are likely to be much more disturbing in north-western Europe, where the existing degree of self-sufficiency for most products greatly reduces the scope for import substitution — which for some countries and some products may not have been exhausted. This, however, places the full burden of the imbalance between the growth of supply and demand on the traditional — and, as observed in an earlier section, more efficient — exporters in western Europe or elsewhere.

(b) Trade in agricultural products

Protection for western Europe's agriculture has had patent effects on foreign trade: the growth of imports has been restrained in relation to the expansion of domestic output, or imports — of wheat for example — have even declined. True, in two of the principal importing countries — western Germany and Italy — the quite sharp rise in domestic output of some commodities (e.g. coarse grains, eggs, beef and veal) has been insufficient to meet an even sharper rise in domestic demand, and the share of imports in consumption has consequently increased.[83] And these markets have plainly been important for exports from both other western European countries and farther afield. None the less, the growth of international trade has been limited in so far as higher domestic output has satisfied part of the rise in total demand in these markets only because domestic producers enjoy protection.

[80a] Without a further increase in self-sufficiency, or surpluses; see below.

[81] It would also worsen the export prospects of overseas producers of oil-seeds.

[82] This would help to alleviate the wheat surplus.

[83] When total consumption is rising, even a constant share of domestic output implies an absolute increase in imports.

By and large, western Europe has become rather less dependent on imports since the early fifties (see Table 18); but changes in the degree of self-sufficiency vary appreciably both by commodity and by country. The almost universal expansion of wheat output, and the emergence of wheat surpluses in some countries — notably France and, to a less extent, Italy and Sweden — have unequivocally reduced both the degree of dependence on overseas imports and their absolute level; but the relative (though not the absolute) import deficit in coarse grains has, on balance, changed little.[84] Self-sufficiency in some other products also increased moderately — e.g. sugar and animal products (except beef), in which western Europe already met the bulk of consumption from domestic supplies.[85]

Imports of sugar into the EEC area as a whole have actually fallen, and virtually full self-sufficiency has now been reached; conversely, the relative dependence in those countries on imports of barley has risen (except in France). The United Kingdom continues to rely to a much greater extent on imports for its food supplies than any other western European country; but output of eggs and fresh pork has risen steeply and imports are now marginal. The Netherlands and Denmark, while remaining major exporters of dairy and other livestock produce, have seen their exports of butter fall as export surpluses increased in some countries and as others, such as France and Belgium, reached self-sufficiency.[86]

As was observed earlier, the growth of production is likely to outstrip that of demand in western Europe (with the possible exception of coarse grains and beef) if present policies are unchanged. Such a development would scarcely lead to an expansion of trade in agricultural products in western Europe, but rather to rising surpluses in some countries, and to increasing self-sufficiency in others. Section 4 of the present study considers various agricultural policies appropriate in these circumstances, and concludes that a gradual decrease in price support seems advisable. Clearly, this course would have repercussions on the volume and pattern of trade in agricultural products; and it would enhance the export possibilities of the more efficient producers, both overseas and in western Europe, of temperate zone agricultural commodities. How far lower protection would affect the volume of production and trade of individual countries and commodities cannot be foretold with any certainty — this obviously depends on many factors, including the response of farmers themselves to changes in policy. The remainder of this section indicates for selected commodities the possible direction of change, taking into account also — so far as present uncertainty concerning the implementation of its agricultural policy permits — the consequences of the formation of a common market for agriculture in the European Economic Community.[87]

Cereals

Although western European self-sufficiency in *wheat* has greatly increased, the region as a whole is still a net importer (but imports have been declining in volume). Part of these imports, however, are of hard wheat (mostly from Canada), in which western Europe is likely to remain deficient, or of other types of wheat which mix well with indigenous varieties; but a reduction in the (currently high) level of price support for wheat in most countries would presumably cause a relative fall in domestic production and a rise in imports.

Within the EEC current support prices for wheat are relatively high in western Germany and relatively low in France. In accordance with the provisions of the Rome Treaty, France has concluded a long-term agreement with western Germany under which it will deliver specified quantities of wheat at world prices, while western Germany will pay France sums representing a gradually rising proportion of the difference between French and western German support prices. Unless both the western German support price and domestic output are reduced, it seems likely that higher French production and exports will further displace western German imports from third countries (mainly overseas) and thus produce still greater self-sufficiency in wheat within the EEC.

Despite higher domestic output of *barley*, the degree of self-sufficiency in western Europe as a whole is basically unchanged, for demand has risen strongly; but in EEC countries other than France dependence on imports has increased and is now about the same as in the rest of industrial western Europe. The outlook for trade in the EEC countries resembles that for wheat — surpluses in France, for which western Germany and other deficit countries are potential markets. But in view of the rising trend of demand for coarse grains, total imports of barley into the EEC

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[84] The data in Table 18 exaggerate the position for France, since the area sown to barley in 1956/57 was particularly high, and resulted in an abnormally large export surplus.

[85] At a high degree of self-sufficiency even an increase of a few percentage points results in a large relative decline in imports.

[86] For further details on changes in self-sufficiency, see Annex II to this chapter.

[87] See section 4 for a discussion of the proposals for agricultural policy in the EEC. A description of current trade patterns is given in Annex II to this chapter, based on Tables 26 and 27 and Appendix Tables II to X. Annex I (The Margin of Protection: Commodity Notes) considers price aspects of trade in particular.

TABLE 18

Production, net trade and supply of selected agricultural products in western Europe in 1948-1952 and 1957-1958

Thousands of tons, and percentages

A = Production B = Net Imports (+) or exports (−) C = Production as percentage of supply (i.e. of production plus net trade)

Countries and areas		Wheat [a]		Barley		Maize		Sugar		Eggs		Butter		Cheese		Beef and Veal [b]		Pork [b c]	
		1948-1952	1957-1958	1948-1952	1957-1958	1948-1952	1957-1958	1948-1952	1957-1958	1948-1952	1957-1958	1948-1952	1957-1958	1948-1952	1957-1958	1948-1952	1957-1958	1948-1952	1957-1958
Belgium Luxembourg . . .	A	555	253	253	323	3	4	330	425	109	164	72	94	14	16	129	144	177	228
	B	+403	+417	+304	+557	+350	+444	−12	−40	−1	−14	+26	+1	+30	35	+17	+5	+1	−3
	C	*58*	*66*	*45*	*37*	*1*	*1*	*103*	*110*	*100*	*109*	*70*	*99*	*32*	*31*	*89*	*97*	*100*	*101*
France	A	7 791	10 341	1 534	3 759	447	1 023	1 085	1 549	411	459	224	496	264	395	1 007 [d]	1 277	761	1 095
	B	+219	−984	+190	−825	+495	+261	+45	−7	+6	+30	+14	−11	−3	−15	−3	+26	+5 [e]	+14
	C	*97*	*110*	*89*	*128*	*47*	*80*	*41*	*100*	*99*	*94*	*94*	*102*	*101*	*103*	*100*	*98*	*99*	*99*
Western Germany	A	2 669	3 794	1 402	2 468	20	15	824	1 714	218	378	261	365	185	269	511	837	806	1 440
	B	+2 642	+2 024	+454	+1 282	+570	+697	+525	+298	+99	+254	+17	+26	+28	+82	+41	+120	+34	+69
	C	*50*	*65*	*76*	*66*	*3*	*2*	*61*	*85*	*69*	*60*	*94*	*93*	*87*	*77*	*93*	*87*	*96*	*95*
Italy	A	7 170	9 146	258	296	2 306	3 085	600	979	274	369	56	62	263	318	269	415	173	216
	B	+1 697	−482	+56	+234	+81	+502	+55	−138	+8	+48	+8	+18	−6	1	+41	+147	+1	+25
	C	*81*	*105*	*82*	*56*	*97*	*86*	*92*	*116*	*97*	*88*	*88*	*78*	*102*	*99*	*87*	*74*	*100*	*90*
Netherlands	A	325	397	202	304	26	5	364	480	113	262	81	83	129	181	127	200	156	276
	B	+748	+996	+226	+509	+401	+850	+152	+242	−53	−109	−49	−40	−61	−91	+15	−6	−29	−68
	C	*30*	*29*	*47*	*37*	*6*	*1*	*70*	*93*	*119*	*171*	*254*	*194*	*189*	*200*	*90*	*103*	*123*	*132*
Total EEC	A	18 510	24 510	3 649	7 150	2 802	4 132	3 203	5 147	1 125	1 632	694	1 100	855	1 179	2 043	2 873	2 073	3 255
	B	+5 709	1 971	+1 230	+1 757	+1 897	+2 754	+765	+355	+59	+209	+16	−6	−12	+12	+111	+292	+12	+37
	C	*76*	*92*	*75*	*80*	*60*	*60*	*81*	*94*	*95*	*89*	*98*	*101*	*101*	*99*	*95*	*91*	*99*	*99*
Denmark	A	285	273	1 709	2 523	—	—	318	383	117	145	155	167	69	103	150	260	306	528
	B	+64	+162	−46	−6	+77	+39	−88	−69	−78	−104	−131	−116	−36	−68	−69	−153	−173	−316
	C	*82*	*63*	*103*	*100*	—	—	*138*	*122*	*386*	*353*	*654*	*328*	*211*	*291*	*185*	*243*	*230*	*249*
Ireland	A	327	431	163	351	—	—	93	117	56	46 [f]	52	61	3	3 [f]	193	255	65	80
	B	+241	+148	+ 18	+43	+230	+20	+39	+45	−17	−2	+1	−16	−1	—	−122	−155	−2	−14
	C	*58*	*74*	*90*	*89*	—	—	*70*	*72*	*147*	*103*	*98*	*137*	*136*	—	*273*	*254*	*104*	*121*
Sweden	A	677	654	231	608	—	—	284	292	79	85	102	87	57	52	118	128	165	219
	B	+98	−41	+6	—	+98	33	+63	+44 [g]	−7	−7	−111	−25	—	+3	+9	+18	+3	−27
	C	*87*	*107*	*97*	*100*	—	—	*82*	*87*	*109*	*109*	*112*	*140*	*99*	*95*	*93*	*88*	*98*	*114*
United Kingdom	A	2 397	2 740	2 060	3 113	—	—	626	705	426	680	17	42	45	108	478	726	294	670
	B	+4 898	+5 092	+844	+1 116	+1 097	+1 999	+1 399	+2 134	+105	+18	+300	+396	+172	+118	+364	+541	+272	+447
	C	*33*	*35*	*71*	*74*	—	—	*31*	*25*	*80*	*97*	*5*	*10*	*20*	*45*	*57*	*57*	*52* [j]	*60* [j]
Other north-western Europe [h]	A	930	1 140	575	1 139	126	156	152	359	97	153	111	169	108	149	252	349	307	419
	B	+1 300	+1 200	+233	+329	+418	+530	+469	+552	+13	+32	+9	−33	−19	−43	+1	−9	+5	+12
	C	*42*	*49*	*71*	*78*	*23*	*23*	*24*	*39*	*88*	*83*	*93*	*123*	*121*	*141*	*100*	*103*	*98*	*97*
Total north-western Europe	A	4 616	5 238	4 738	7 734	126	156	1 473	1 856	775	1 109	435	526	282	415	1 191	1 718	1 137	1 916
	B	+6 601	+6 561	+1 055	+1 482	+1 920	+2 621	+1 882	+2 706	+16	−63	+167	+206	+116	+10	+183	+242	+105	+102
	C	*41*	*44*	*82*	*84*	*6*	*+6*	*44*	*41*	*98*	*106*	*72*	*72*	*71*	*98*	*87*	*88*	*92*	*95*
Southern Europe [i]	A	11 957	18 609	4 809	6 347	4 963	7 144	619	1 007	241	338	13	12	90	97	276	402	361	471
	B	+1 047	+1 395	−35	−95	−199	−205	+213	+686	−4	−4	+1	—	+2	19	−3	+12	+4	−3
	C	*92*	*93*	*101*	*102*	*104*	*103*	*74*	*62*	*102*	*101*	*92*	*101*	*97*	*84*	*101*	*97*	*99*	*101*
Total western Europe . . .	A	35 083	48 357	13 196	21 231	7 891	11 432	5 295	8 010	2 141	3 079	1 144	1 638	1 227	1 691	3 510	4 991	3 571	5 642
	B	+13 357	+9 938	2 250	+3 144	+3 619	+5 170	+2 860	+3 667	+71	+142	+184	+200	+106	+41	+291	+546	+121	+136
	C	*72*	*83*	*85*	*87*	*69*	*69*	*65*	*69*	*97*	*96*	*86*	*89*	*92*	*98*	*92*	*90*	*97*	*98*

Sources : See Appendix B.

[a] Including trade in wheat flour (in wheat equivalent).

[b] Production relates to meat from indigenous livestock only, and trade includes trade in live animals (in meat equivalent); for details see Appendix B.

[c] Including bacon and salted pork (in pork equivalent).

[d] Average of 1948 and 1952.

[e] Including lard.

[f] 1957 only.

[g] Partly based on data for one year only.

[h] Austria, Finland, Norway and Switzerland.

[i] Greece, Portugal, Spain, Turkey and Yugoslavia.

[j] The United Kingdom is almost self-sufficient in pork; for bacon and ham alone the percentage for 1957/58 is 39 (1953/54: 45 and 1938: 35).

area, and into western Europe as a whole, will probably also increase. Generally, the degree of protection for domestic producers of barley is not high; it is bigger in the two largest importing countries — western Germany and the United Kingdom. Any reduction in the degree of protection in these two markets would probably benefit other suppliers, and possibly not only those overseas.

The southern European countries (Yugoslavia in particular) are the main producers of *maize*, although production in Italy and France is also sizable. Only Yugoslavia regularly has a surplus for export (since it became a net exporter three years ago); all other western European countries are net importers. Production possibilities of maize in north western Europe (other than France) are limited. In southern European countries (other than Yugoslavia), as in the major eastern European producers, additional output will probably be largely absorbed at home as feed for higher livestock production.[88] Consequently, exportable surpluses from Europe (other than France and Yugoslavia) are unlikely to be available, and imports from overseas are therefore likely to increase — as are those of coarse grains in general.

Sugar

In most western European countries, self-sufficiency in sugar has increased markedly. Moreover, the pattern of trade in sugar is governed, more than for most other commodities, by non-commercial considerations. Failing radical changes in agricultural policies,[89] the general pattern of world trade in sugar is unlikely to alter. The EEC is already self-sufficient; any further increase in output would lead, in present and foreseeable world market conditions, to a heavy, and probably unacceptable, burden of support.[90] In France, however, the alignment of farm prices (among the lowest in western Europe) to the eventual Common Market level may stimulate an increase in production. Such an increase, if not offset by a fall in output in other EEC countries, would yield a larger export surplus, to dispose of which would require greater support from public funds or from the producers themselves.[91] In the United Kingdom, commitments to Commonwealth countries have been extended until 1968; consequently, no increase in refinery capacity will be encouraged, for it already suffices for the present area sown to sugar-beet, even if yields rise further.[92]

As was shown in section 2, crude sugar can now be imported into almost all western European countries at prices well below those at which it is produced domestically. Even at the (higher) price range of 3.25 to 3.45 cents per pound (f.a.s. Cuba) specified in the International Sugar Agreement — which may more truly reflect costs in the major overseas producing countries — part of western European output could be displaced to the benefit of overseas countries.[93] Given the wide differences between present free market and negotiated prices (including prices ruling in traditional trade between Cuba and the United States),[94] such a shift in production and trade could affect the export earnings of overseas countries unevenly. But to the extent that prices negotiated under special agreements are above the free market prices — or even above those resulting from commodity stabilization schemes (such as that for sugar) which attempt to reconcile the interests of producers and consumers — they amount to a form of financial assistance to the overseas countries concerned. Even if the continuation of special prices is preferred to other forms of assistance, it by no means follows that domestic producers also should be allowed to benefit — through consequently higher farm prices.

Eggs

Western Europe as a whole is almost self-sufficient in eggs. The relatively high support given by smaller exporting countries, such as Belgium, Sweden, Finland and Yugoslavia,[95] to their domestic egg producers has not so far greatly affected egg prices or the competitive position of the major exporters (the Netherlands and Denmark), since per capita consumption — and imports — in western Germany have been rising rapidly. Notwithstanding tariff protection, the expanding western German market is more attractive than that of the United Kingdom (now self-sufficient), where increased imports would only depress prices. In the longer run, however, as consumption levels out in western Germany and if self-sufficiency also increases there, surpluses in high-cost countries must increasingly become embarrassing to traditional exporters, which may in any case see their markets contract.

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[88] For eastern Europe, see Chapter IV, section 5.

[89] A cornerstone of world trade in sugar has been the regular quota of Cuban sugar admitted into the United States. Clearly, changes in this traditional trading relationship can have important effects on the general pattern of world trade in sugar. At the time of writing, however, the future of this bilateral trade was still not clear.

[90] The possibility of acreage restriction is in fact envisaged. See section 4.

[91] Cf. the observations and recommendations contained in the Armand-Rueff report (*Rapport sur les obstacles à l'expansion économique*, Imprimerie nationale, Paris 1960, p. 61).

[92] Cf. *Agriculture : Report on Talks between the Agricultural Departments and the Farmers' Unions, June-December 1960* (Cmnd. 1249), HMSO, December 1960.

[93] " The increased output of beet sugar in western Europe results largely from higher yields, while its production has been encouraged partly for social reasons, partly as an important (though seldom essential) part of agricultural rotations. If, as European agriculture becomes more rationalized, it were possible to reduce the emphasis on sugar production, considerable benefit would accrue to a number of sugar-exporting countries." (" Trends in European Agriculture and their Implications for other Regions ", *Monthly Bulletin of Agricultural Economic and Statistics*, FAO, November 1960.)

[94] See footnote 89.

[95] For Yugoslavia this generalization may not apply. See in particular the general discussion of measuring protection in southern European countries in section 2.

Both the Netherlands and Denmark could presumably expand their exports if other countries — both net importers and net exporters — lowered the protection now granted to their own egg producers. In the Common Market imports into western Germany would probably be most affected, since French producers in particular appear to be competitive. Elsewhere, the greatest scope for expanding imports would seem to be in the United Kingdom — on account of the size of its market and the present degree of protection. Both major exporters would presumably gain in the British market, since the EFTA makes no provision for preferences in agriculture (other than the British undertaking to Danish bacon producers); but the EEC arrangements might put Denmark at a disadvantage vis-à-vis the Netherlands, particularly in western Germany. However, apart from the proposed compensation for higher feed prices in the Community, the protection foreseen for egg producers appears to be relatively light and the handicap to Danish producers may then prove small. Eventually, Denmark may experience greater difficulty if the Common Market as a whole becomes self-sufficient in egg production — as it may do soon.

Dairy Products

The generally high protection for western European milk producers — and the resulting import restrictions on, and increasing self-sufficiency in, *butter* — suggests that the pattern of production and trade in butter could be extensively adjusted so as to yield greater benefits from international specialization. While it is impossible to say how far a lowering of support would affect individual countries, it seems fairly certain that, among exporters, the more highly protected countries with a small share in exports would stand to lose much. But the fall in output might be relatively small in the Netherlands, which was formerly competitive with other producers — and also Ireland — although both have appreciable price support for milk.[96] Among importing countries, or those which are largely self-sufficient, the margin of protection is relatively small in France; in western Germany, by contrast, strong support has led to a large increase in production as demand has risen, which suggests that a lowering of support could induce a large-scale substitution of imports for domestic output. But in the United Kingdom, high price support has not produced any major increase in domestic output, either absolutely or in relation to total butter consumption.

Discounting the possible effect of consumer preferences, New Zealand might gain as much as Denmark from greater export possibilities if protection in western Europe were lowered — at any rate on the assumption that export prices would be some 10 per cent higher than the 1957-1959 average.[97] Both countries are at the same disadvantage vis-à-vis the EEC. Although a member of the EFTA, Denmark has no preferential treatment in the British market; whereas Commonwealth and Irish butter is exempt from a specific duty amounting to about 5 per cent *ad valorem.* Since the EEC is self-sufficient in butter, the eventual establishment of a common market may replace some imports of butter from Denmark into western Germany and Italy by imports from the Netherlands.

No matter how the pattern of trade in butter may change, no major increase in imports into western European countries is likely as a result of a large rise in consumption unless butter prices fall further relatively to those of competing products such as margarine. There is more scope for higher consumption in southern Europe, but this is likely to be met in the first place from increased domestic output, particularly as the emphasis of support shifts from crops to livestock products.

Two conclusions suggest themselves. First, if price support for milk producers in western Europe is lowered, major exporters such as New Zealand and Denmark could probably replace at least part of domestic production in high-cost countries, at prices perhaps some 10 per cent above the 1957-1959 level (i.e. roughly the prices ruling in 1959). Second, without a radical change of support policies for milk producers, the problem of butter surpluses will probably become more acute. In the latter case, how far the burden would be borne partly by the lower-cost producers also would depend on the extent to which the British authorities, in any future butter crisis, limit imports from certain countries either by mutual agreement or by anti-dumping or other regulations.[98]

The degree to which trade in *cheese* would be affected by a lowering of protection for milk producers is problematical. Competition between similar types of domestic and foreign cheese would become keener, benefiting low-cost producers such as Denmark; but only in so far as consumers are responsive to changes in relative prices. In view of established national tastes, the fame of many internationally traded cheeses, and the generally high degree of product differentiation, changes in price might have to be quite large. Similarly, it is uncertain how far subsidized exports — at least from the countries exporting special varieties, such as the Netherlands and Switzerland — effectively hamper exports (as they clearly do those of butter) from such low-cost producers as Denmark or New Zealand. On the other hand, subsidized exports of pedestrian cheeses from smaller suppliers, such as Norway, Finland and Sweden, have probably augmented the difficulties of other exporters, even though the main effect of milk surpluses is on the butter market.

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[96] The number of producers whose incomes would be reduced to the point where milk production became uneconomic, might, however, be large.

[97] That is, on the assumption that the market would no longer be weighed down by the surpluses of high-cost producers (see the commodity note on milk and milk products in Annex I).

[98] Exports from a number of countries to the United Kingdom were limited by joint agreement among the exporters themselves in 1960 (see, ECE/FAO, *Review of the Agricultural Situation in Europe at the End of 1960*, Geneva 1961).

Meat

Western Europe, apart from the United Kingdom, is largely self-sufficient in *beef and veal*. It was suggested above that beef is one commodity for which demand may increase faster than domestic supply in the next ten years. For purely technical reasons, time is needed before production in overseas countries, no less than in Europe, can be expanded; this is particularly true of Argentina, which will have to build up its herds again after a high rate of slaughter. A once-for-all increase in beef output in western Europe would be possible by the later slaughter of calves,[99] but any further rise in output to provide a constant or even a rising proportion of total supplies would require a major switch from dual purpose cattle, or cattle mainly for milk production, to cattle for meat, with all the structural change that this implies. This tendency, which might be desirable in the long run, could possibly be reinforced by a lowering of protective margins for milk producers. Not enough is known, however, about the economics of intensive rearing of cattle for meat in western Europe, compared with those of extensive grazing in overseas countries; and further research on the most suitable breeds of cow is necessary.[100]

The firm demand for beef and veal, and the probability of only a slow increase in domestic output, suggest that, whichever agricultural policies are pursued, the pattern of trade in beef and veal in western Europe is unlikely to change importantly in the short run. The long-run outlook greatly depends on the possibility of structural change referred to above. No doubt Denmark, Ireland,[101] and overseas producing countries in the British Commonwealth and in Latin America could gradually supply a larger share of total consumption in such countries as western Germany and the United Kingdom, which have a higher degree of protection than average and which have stimulated domestic output. But efficiency in these and other countries may also increase; and the continental consumer may be less responsive than the British to the lower prices of imports of chilled or frozen beef. It is particularly difficult to assess how the gain from a lowering of protection for beef in relatively high-cost western European countries would be distributed among the low-cost producers and those overseas (and among the overseas producers themselves). In any event, the consequences of such a step in western Europe might be less far-reaching — at least in the short term — than for other commodities.

Western European self-sufficiency in *pork* is even greater than for beef and veal, so that imports into virtually all countries are negligible. It seems likely that a narrowing of protective margins for fresh pork would lead in most countries to some reduction in domestic output, in favour of imports from Denmark (where production could without difficulty be expanded at little or no rise in unit cost), and perhaps from eastern European countries too. However, with the principal exception of the United Kingdom, the margins are not wide — especially if allowance is made for that part which reflects protection for barley — and the effect on output might therefore be small. In the United Kingdom (and to a less extent western Germany) the effect might be greater; the British Government has already undertaken to make good to British farmers any losses incurred as a result of the removal of the 10 per cent duty on Danish bacon (formerly imposed on all bacon not of Commonwealth or Irish origin) — losses which may well be shared by Irish and, even more, by Dutch producers.

Industrial Crops

Exports of *tobacco* are important only for Greece and Turkey, and their expansion runs into barriers of both taste and preferential trading arrangements. Greece is making special efforts both to improve the efficiency of tobacco production and to reduce its considerable stocks, and hopes to increase its exports — particularly to the countries of the EEC. The treatment of Greek tobacco is a key issue in the current negotiations concerning Greek membership of the Community. Apart from Greece (and Turkey), which may expect to improve their competitive position, the Common Market's effects on the pattern of trade in tobacco are likely to be limited (though Italy's export prospects should also improve). Nor is the volume of trade likely to increase much, for tobacco consumption rises relatively slowly with income.

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[99] It seems that the increase in output in the United Kingdom and a number of other countries in recent years may be attributed to this factor (cf. *European Agriculture in 1956*, *op. cit.*).

[100] A recent report in the United Kingdom, for example, recommended experiments with imported French Charolais cattle. The recommendation has been accepted in principle, but is not being implemented for the time being. A change of emphasis is also desirable in Ireland, in view of the high protection accorded milk producers; but Ireland, unlike other western European countries, has the further possibility of exploiting natural grazing in combination with other techniques (see the SURVEY for 1959, Chapter VII, and *Economic Development* (Pr. 4803), Dublin 1958).

[101] Only a relatively small increase in efficiency would be needed in Ireland.

Greece and Turkey, once again, are the only *cotton*-producing countries for which exports are important. In both countries competitive efficiency has been handicapped by such factors as lack of, or improper use of, irrigation and fertilizers;[102] and special efforts are being made in Greece to achieve higher production, through increases in both area and yields, so as to raise export revenue and employment and incomes in agriculture.[103] Total imports of cotton into EEC or other industrial countries may not show more than a slow long-term rise; but a relatively small shift in the geographical distribution of imports could make a proportionately much greater contribution to the expansion of Greek and Turkish exports. Since raw cotton imports into the EEC area are to be unrestricted, the outlook for exports from Greece and Turkey depends mainly on competitiveness in price and quality with countries producing similar types of cotton.

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[102] See FAO, *Mediterranean Development Project*, and Country Reports for Greece and Turkey, Rome 1959.

[103] For a summary of recent measures (which include subsidies to encourage a shift from wheat cultivation), see *Greece Today*, National Bank of Greece, December 1960.

4. SOME PROBLEMS OF AGRICULTURAL POLICY

(a) Industrial western Europe

Disposal of Surpluses

The prospect for western European agriculture appears to be increasingly one of surpluses of certain key products.[104] These surpluses will pose a problem for the solution of which three policies, of unequal merit and practicability, are possible. First, western Europe could operate a surplus disposal scheme resembling that administered by the United States under Public Law 480:[105] the advantages and shortcomings of this course are considered below. Second, world trading relationships and import policies in western Europe might be changed so that the surpluses became exportable on normal commercial terms: the feasibility of this course is discussed in the following paragraphs. Finally, agricultural policy could be so framed that supply and demand were brought into approximate balance, with no persisting surplus production: the remainder of this section examines the ingredients necessary for an effective agricultural policy of this kind.

The advantages of disposing of agricultural surpluses as gifts cannot be gainsaid; foreign aid is provided, farmers' incomes are maintained, and the surpluses are removed. These advantages are short run: the longer-term disadvantages of such a policy cannot be disregarded. In the donor country such disposals do not promote the necessary structural adjustment of agriculture, and thus both prolong the need for agricultural support and perpetuate surpluses. In the recipient, under-developed, countries, disposals may save some foreign exchange in years when bad harvests necessitate imports, and, at any time, will alleviate hunger or help to build up a food reserve. To that extent disposals are beneficial.[106] But they promote neither increased agricultural output nor industrialization — except to the very minor extent that disposals may enable the recipient to use scarce foreign exchange for the purchase of other imports, or raise labour productivity. Although some industrializing countries undoubtedly attach high priority to food imports, it is unlikely that many of them would regularly import food in preference to other goods if given a free choice in the use of foreign aid funds. Moreover, if surpluses are given only spasmodically, or in years of particularly heavy surpluses in the donor countries, they may even have a harmful effect, on balance, on the rest of the world. In short, a scheme of agricultural surplus disposal does little in the long run to further the economic growth which would eventually make the developing countries independent of foreign aid. In an important sense, the value, as economic development aid, of a disposal scheme is secondary and cannot outweigh its real shortcomings as an effective long-run policy either at home or abroad.[107]

If, for the foregoing reasons, the disposal of surpluses as foreign aid is unattractive as a long-term solution, a large increase of agricultural exports on a commercial basis would seem, by the same token, out of the question.[108] Nevertheless, it is worthwhile briefly to consider the possibility. Many under-developed countries could expand agricultural output much faster than industrial production, by better seed selection, crop rotation, greater use of fertilizers, small irrigation works, and other uses of technique which do not require large capital investments. In other words, potential marginal capital-output ratios are often much lower in agriculture than in industry — at any rate in the short run. Difficulties of organization, however, are much greater for agricultural than for industrial operations, with the result that industry will often develop much more quickly than agriculture. But it has been shown that in the industrialized countries of North America and western Europe productivity in agriculture seems recently to have risen faster than in industry, and may continue to do so. On this reasoning the comparative advantage may have shifted in favour of exports of agricultural products from the developed to the under-developed countries, and of a trade flow of certain manufactures in the opposite direction.[109]

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[104] This is the conclusion reached in section 3 on the basis of projections of consumption and production, which assume no major changes in policy.

[105] Cf. *Trends in European Agriculture and their Implication for Other Regions, loc. cit.*

[106] Special welfare schemes — e.g. the provision of protective foodstuffs to children and hospitals — are, of course, eminently welcome on humanitarian grounds.

[107] Of course, existing stocks of surplus commodities, or those that arise until changes in agricultural policy have taken effect, should by all means be made available as aid to the developing countries; but such surplus disposals should not be a substitute for making agricultural adjustments at home, nor for meeting the regular needs of the developing countries for foreign aid.

Even if this argument is accepted, it need not imply greatly enlarged export possibilities for western Europe. For cereals, the advantages of extensive cultivation on large areas of North America and Australia are unlikely to be challenged by more intensive farming and higher yields in western Europe. Hence, the possibility of western Europe benefiting from greater commercial opportunities for the export of cereals is remote. More labour-intensive products, such as dairy products, might offer wider scope. Certainly in North America, and perhaps even in New Zealand, greater land resources do not offset the advantages of the lower level of wages and of acceptable farm incomes in the most efficient dairy producing countries of western Europe. So the latter might conceivably capture a fairly large share of any expanding overseas market for dairy products.[110] Such a development would entail a willingness in western Europe to import manufactures on a large scale from the countries embarking, or recently embarked, on industrial development. And a market for dairy products, which are more or less luxury products in poor countries, could presumably be developed only if imports of manufactures into western Europe were large enough to satisfy the developing countries' demand for both capital goods and indispensable raw materials and to leave a margin for low-priority imports. This would require a radical change of the prevalent attitude towards " cheap labour " imports in most western European countries.

Basic Issues of Policy

Since disposal schemes seem unsuitable as a long-term policy, and significant exports unlikely, another remedy must be sought for western Europe's prospective agricultural surpluses. The following considerations are certainly relevant to the formulation of a well-balanced policy.[111] First, total agricultural output should rise in proportion with, but not faster than, the expected population increase and, to the extent discussed above, with rising incomes, differentiated according to the developing demand pattern. Second, the policy should, as far as possible, promote an efficient use of inputs (without an excessive rise in output) in the interests of higher incomes for farmers and/or a stronger competitive position vis-à-vis overseas suppliers; as long as incomes are higher in other sectors, a continuing rapid outflow of labour from agriculture appears, as stated above, especially important in this context. Finally, the policy should take into account the large differences in costs and incomes existing between farms of different size and in different areas; for there is no good reason why taxpayers, consumers, or both should make transfer payments to those farmers who already enjoy a satisfactory income.[112]

Taking these considerations as a point of departure, an agricultural policy for western Europe should be shaped so as efficiently to yield socially acceptable incomes for farmers without creating agricultural surpluses. Telling arguments can be advanced for lowering the average level of price support, i.e. of the prices effectively paid to producers. Although the effect on output of a uniform reduction of agricultural prices might not be large, this measure would certainly lower the premium on the volume of output and put greater stress on the importance of lowering costs; it would, moreover, diminish the scale of redistribution of income from the general taxpayer and /or consumer to farmers, which cannot — with the exceptions noted below — be justified on social grounds. This is not to suggest that support for agriculture should be completely abolished. Agriculture has no claim to special treatment, favourable or unfavourable, in relation to other industries in western Europe.[113] In other words, there is no economic reason for either the artificial expansion or contraction of the agricultural sector relative to other industries. A reduction in the margin of agricultural support to a level approximating that afforded to other industries would therefore seem appropriate.[114]

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[108] In the preceding discussion of disposal schemes, the term surplus refers to quantities of any product which cannot be marketed, either at home or abroad, at current prices. In the discussion of export possibilities, it refers to quantities, in excess of domestic requirements, which could be sold internationally if the conditions outlined in the text were fulfilled. Surpluses in the former sense might in theory be disposed of by " dumping " at whatever price the market would bear.

[109] See Chapter V of the present SURVEY for a discussion of this and related issues concerning trade between industrialized Europe and the under-developed countries.

[110] Cf. FAO, *Monthly Bulletin of Agricultural Economics and Statistics*, November 1960, p. 6.

[111] Since this chapter deals with long-term structural problems, maintenance of stabilization policies to mitigate short-term fluctuations in prices and incomes is assumed throughout.

[112] See the discussion in section 1.

[113] In the under-developed countries of southern Europe, on the other hand, the need for industrialization supports an alternative argument, see below pp. 46 *et seq.*

The straightforward application of this principle is difficult on account of the varying degrees of market imperfections in industry. Industry is supported mainly by tariffs or other import restrictions; export subsidies are relatively rare. However, it may be argued that the differential pricing by agricultural marketing boards between export and domestic markets, in so far as it is financed by producers themselves, is no different from that practised by large monopolistic industries. At any rate, it seems reasonably clear that agricultural protection in many countries of western Europe is greater than industrial protection. As was shown in section 2, agricultural producers' prices in western Europe are typically 20-40 per cent, or more, above international prices — margins which appear appreciably higher than for most manufacturing industries in the region. In Denmark, France and Austria, however, where agricultural support is relatively low and industrial protection (except in Denmark) relatively high, protection for industry probably exceeds that for agriculture.

In addition to, or independently of, a lower average level of support, the allocation of resources would be improved if the same degree of support were given to all agricultural products. International comparative advantages in production could then more effectively stimulate trade in agricultural products. But the shifts in production patterns resulting from the introduction of a flat rate of protection might aggravate some existing agricultural problems. In some countries there would probably be a shift away from labour-intensive products, such as dairy products — which are heavily supported in most countries — to less labour-intensive products such as meat and cereals. This, in turn, would worsen agricultural over-population, and throw a greater burden on measures dealing directly with this problem. Another, closely related, difficulty is that the establishment of a standard rate of support might mean lower prices for products on which the poorer sections of the farming community depend. Lower prices of milk in north-western Europe would seriously affect the incomes of many small farmers. Again, the prevention of such undesirable side-effects would require greater intervention by means of other policies to be discussed below.

A Differential Support Policy

Introduction of a standard rate of protection for agricultural products and the proposed reduction in the average level of support prices would, of course, tend to lower the incomes of poorer farmers. This effect could be avoided by introducing a system of differential support, granting special benefits to the poorer farmers beyond those provided by the general level of support. In this way the total support of agriculture could be reduced without lowering the incomes of " marginal " farmers.

Some degree of differential support — according to size or region,[115] categories which may overlap — is already given in several countries such as Austria, France, Italy, the Netherlands, Norway, Sweden, Switzerland and the United Kingdom, usually by means of higher prices for certain commodities and, in some cases, lower prices for such inputs as fertilizers and feed. The second method may promote higher efficiency; but a scheme of conditional and temporary support, such as was recently introduced in the United Kingdom, seems more likely to prevent marginal farmers from becoming a permanent burden on the rest of the community. The British scheme provides subsidies, conditional on adherence to an approved management plan, for the conversion of small farms into economically viable enterprises by means of improving their land and equipment. A notable feature is that grants are given only to farms which can be made profitable, but not to those which are too small or badly managed. The latter categories are considered a social rather than an agricultural problem.

This suggests another, " social ", approach to the problem of marginal farming, which has, in part, been followed in Sweden, where an income subsidy related to the acreage of sub-size farms (up to 10 hectares at present) is paid only during the lifetime of the farmer. Again, the aid granted is temporary; and the further restriction of such a scheme to present operators over a certain age (for whom the transfer to other jobs is more difficult) may be worth considering.[116] As a result of the scheme, sub-marginal land will be gradually abandoned, and sub-size farms will become available for merger with other small farms or with bigger farms, thus raising the average size of farms and reducing the number of non-viable farms. This process might be accelerated by paying a premium on the sale of such farms, by guaranteeing pensions to farmers who retire early, and by similar measures. The intended adjustment could be achieved sooner since the average age of farm operators appears to be high — especially on small farms; and the alternative benefits could be financed, in part at least, from the funds which would otherwise be required for subsidies.[117]

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[114] A rate of import restrictions uniformly affecting all industries (including agriculture) diminishes the importance of foreign trade by curtailing both imports and exports, thus discriminating between import-competing and export industries, but not between industries within each of these groups; and *vice versa* for export subsidies.

[115] Differential rents and land prices will tend to compensate, in part at least, for differences of location, fertility etc.; farmers on sub-marginal land, however, will need special support if they are to earn a reasonable income.

[116] It should also be noted that, after the rapid decline which has already taken place (as discussed in section 1), agricultural employment in relation to other sectors is small, in most countries of western Europe, so that a large decrease in agricultural employment can be absorbed by a relatively small increase in employment in other sectors. In view of quasi-permanent labour shortages in most countries concerned, there should therefore be no difficulties of re-employment if adequate retraining facilities are provided.

Similar features might be incorporated in a system of general support to agriculture. There is, of course no need to reduce the level of support overnight; what is needed, however, is a firm time-table for the envisaged reductions. Initially, some of the support now given in various forms to farm incomes might be replaced by the financing of measures which would subsequently facilitate a painless further reduction in the level of price support — measures such as subsidies for the amalgamation of holdings,[118] the expansion of services promoting low-cost methods of farming, programmes of retraining for those leaving agricultural employment, etc. In itself, the advance knowledge of forthcoming reductions in prices could hasten the reduction of agricultural costs.

Consequences of Proposed Policy Changes

Most of the effects of an agricultural policy such as has been outlined above have already been mentioned. The incomes of more prosperous farmers would fall if lower prices were not offset by lower costs of production. Consumer prices (and/or taxes) would also, by and large, be lower. The incomes of poorer farmers would be maintained, but the number of such farmers would steadily decrease, and marginal lands would be gradually abandoned. The average size of farms would steadily rise, and other structural improvements would be made so that western European agriculture would become progressively more self-supporting.

So much seems reasonably certain: how the volume and pattern of production and trade would change is much less certain. Introduction of an equal rate of protection for different products would tend to cause a shift in production from those commodities formerly most heavily supported to those which previously enjoyed relatively less support; but the magnitude of this shift is hard to judge, since it depends on the levels of support before and after the change, the technical ease of shifts in production, differences in profitability of products, etc. A reduction in the average level of protection might have only a small impact, although lower prices would tend to make less intensive farming relatively more profitable — especially if, as was suggested earlier, subsidies on inputs such as fertilizers were abolished. For other reasons, too, it is difficult to judge how far lower prices would induce farmers, in the long run, to go out of business, thus reducing output. Present support prices are largely geared to the production costs of marginal farmers, and little is known about either the relative importance of lower-cost producers, or the margin by which their costs are lower.[119] In other words, little is known about how many farmers would become sub-marginal producers owing to a lowering of prices.

For similar reasons the changes liable to be caused by the proposed agricultural policy in the volume and pattern of trade in agricultural products are difficult to foresee. Presumably, a reduction of the average level of support would result in larger imports (or smaller exports), but this effect need not be greatest in countries where protection is reduced most. Similarly, the commodity composition of trade would be affected by changes in relative commodity prices to producers;

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[117] "The reduction in the size of the labour force which will result from the high age distribution of the farm population will to some extent bring about an adjustment in relation to future requirements, but will not affect the size of the farm population in the near future . . . These trends have been accompanied by a change in the age structure of the agricultural labour force. An aging farm population, in most of the countries under discussion, is the outcome of higher rates of mobility among the younger age groups . . . Projections of the future labour force in agriculture, based on the present age structure, are available only for France: they show that over the next 10 or 20 years there will be a decline in the farm population for this cause alone, apart from migration, and that the rate of decline will then increase. Similar changes may be expected to occur in other countries." (ILO, *Why Labour leaves the Land*, Geneva 1960, pp. 108-111.)

In the Netherlands, in 1959, 14 per cent of farm operators whose main occupation was agriculture were 65 years and over, but 23 per cent were 65 years and over on farms of 1-5 hectares; corresponding percentages for farmers of 50 years and over were 53 and 66.

In Sweden, according to 1950 census data, 47 per cent of farm operators on holdings of more than 10 hectares were 50 years and over, but 60 per cent were over that age on holdings of 0.25-10 hectares. A recent study notes ". . . that the average age of the smallholders is clearly going up, while that of those farming on a larger scale has declined somewhat. The higher degree of senility among the smallholders indicates a falling-off in 'new recruits'." (Odd Gulbrandsen, *The Structural Transformation in Swedish Agriculture and Migration 1750-1970*, Stockholm 1959, p. 14.) Data on hired farm workers indicate that workers over 60 years (including a small number of workers under 18 years) rose from 5.7 per cent of the total in 1945 to 22.5 per cent in 1958 (*Rådgivningsverksamheten på jordbrukets område*, SOU 1960: 39, Department of Agriculture, Stockholm 1960, p. 19).

In France, the 1954 census data show that 19.5 per cent of farm operators were 66 years and over.

In western Germany, a rough estimate based on old-age pension data for 1956 indicates that at least 30 per cent of full-time male operators on holdings of 0.5-10 hectares are over 65 years old.

[118] See, on this subject, the Survey prepared by The European Productivity Agency of the Organization for European Economic Co-operation, *The Small Family Farm, a European Problem; Methods for creating Economically Viable Units*, Paris 1959. Measures would also have to be taken, of course, to forestall any further undesirable subdivision of agricultural holdings. Some legislation to this end already exists in many countries, but it seems that it might be reinforced in many of them.

[119] More technically, little is known about the slope of the national supply curves for various agricultural products.

but the extent of the change is again difficult to assess, especially since such changes would also influence relative consumer prices, and thus consumption patterns, in nearly all countries. The latter could be a more significant factor in changing the commodity pattern of trade.

To prophesy which countries would benefit from the export opportunities created by such changes in production and consumption patterns is more hazardous still. The difficulty here, as with most questions concerning the future pattern of international trade, the consequences of integration, etc., is that comparative advantages change over time. Within broad limits imposed by climatic conditions and the like, comparative advantages are man-made, so that any evaluation of possible changes caused by, for example, lower support prices, has to take into account, as a key factor, the reactions of producers to changed market conditions.[120]

In spite of this uncertainty, a gradual reduction in the degree of support given to agriculture in industrial western Europe, along the lines suggested above, would certainly result in a change for the better; whatever its impact on the volume of production, the remaining farmers would be lower-cost producers who do not depend on support to earn a satisfactory livelihood from farming. To the extent that the decline in farm prices results in a lower rate of growth of output, it would obviously help in avoiding agricultural surplus problems in western Europe; but even if rapid advances in efficiency, prompted by lower farm prices, were to offset this effect on output, the outcome would be wholly favourable. There is nothing wrong with a rapid rise in output, if produced at approximately competitive prices (and not at high support prices as at present). Any such decline in relative costs (vis-à-vis other producers overseas or in western Europe) would tend to be reflected in changes in trade, i.e. in increasing self-sufficiency or growing exports; and the farm population would then remain larger than otherwise. If the rapid improvement in agricultural efficiency were world-wide, however — with output outstripping demand — further adjustments would be necessary. A decline in prices would induce new groups of " marginal " farmers to leave agriculture, and more " marginal " land might be released from agriculture. But far from being a cause for concern, this would reflect a further striking, and most welcome, progress in agricultural productivity.

The foregoing discussion has been based on economic considerations, with some qualifications of a social or welfare nature. Non-economic arguments can be advanced for maintaining the present size of both the agricultural population and output at all costs — although these are scarcely convincing.[121] Even if these arguments were accepted, however, much of the present case would still be valid, with this major exception: marginal farmers would be kept on the land permanently by continuing the requisite differential income subsidies. The introduction of the other revisions of agricultural policies suggested above would still be worth while.

It is relevant to note here that the outflow of labour from agriculture — a prerequisite for viable farming in western Europe — is not synonymous with migration to the big towns. Clearly a policy that creates alternative opportunities for employment — in industry and services — near the farm population which it is desired to shift into other occupations would greatly facilitate the adjustment and minimize many social costs. Such a regional policy could make possible more part-time farming supplemented by part-time jobs in forestry, tourism, fishing or industry, although the remaining farmers would mainly occupy farms big enough to provide full-time employment (and a reasonable income without exceptional protection). Part-time farming is already common in Austria, Finland, parts of France, southern Germany, northern Italy, Norway, Sweden and Switzerland, and there may be scope for expansion in other areas.[122] This may be an alternative to differential subsidies, and should recommend itself especially to those who, for whatever reason, wish to maintain marginal farmers in agriculture.

(b) The European Economic Community

The Proposals of the EEC Commission

The development of agricultural policy in western Europe will be significantly affected by the arrangements to be made in the European Economic Community. The Commission of the EEC advanced proposals in June 1960 [123] which are still under discussion, and may undergo radical changes before the eventual acceptance of a common agricultural policy. Since only instruments of policy, which may be used to implement a more or less liberal policy, are dealt with in the Proposals, it is difficult to evaluate the operation and consequences of the future agricultural policy of the Community. In the context of this study, it has none the less seemed useful briefly to outline and comment on the essential features of the Proposals.

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[120] See section 3 for a tentative discussion of the trade prospects for various commodities.

[121] Defence requirements are sometimes urged in justification; but this argument rests on a probably obsolete notion of military needs.

[122] See section 1. In some countries or areas it may, however, be difficult to integrate these supplementary activities.

[123] See Communauté Economique Européenne, *Propositions concernant l'Elaboration et la Mise en Œuvre de la Politique agricole commune en vertu de l'Article 43 du Traité instituant la Communauté Economique Européenne*, Brussels, 30 June 1960. (Also available in English.)

Basically, the Proposals aim at creating, after a transitional period, a unified market for agricultural products, free of trade barriers within the Community, and with a uniform degree of price support for any given commodity in all countries of the Community. Common controls on trade with third countries are intended to keep both producers' and consumers' prices above world market levels.

The means of achieving this Common Market vary according to commodities. Roughly speaking, and ignoring details, the Proposals distinguish amongst three groups of commodities. For the first group, comprising grains, sugar and dairy products, target prices for producers would be established annually, and levies on imports from third countries would cover the difference between these target prices and world market prices.[124] Somewhat below these target prices, intervention prices would be fixed at which separate marketing boards (for grains, sugar and dairy products) would be prepared to take supplies off the market. This system is reinforced by import certificates, which would normally be granted freely, but could be used to curtail imports from outside the Community if the marketing boards had to intervene on a substantial scale in the market—i.e. if the internal price dropped to the intervention price.

For the second group, which includes beef, pork, poultry and eggs, the principal means of support would consist of tariffs,[125] supplemented (except for beef) by variable levies to compensate for the difference in prices of feed grains on the world market and within the Community. If internal prices for any product in the group fell below certain " threshold " levels, a marketing board (for meat and eggs) would impose compensatory levies on imports from third countries, to safeguard the market from disruption.[126]

Finally, fruit and vegetables would normally be protected by tariffs only, but supplies could be withdrawn from the market if collapse threatened, in which case quantitative restrictions on imports from third countries could also be imposed. Internal trade would be free, but subject to common standards of grading and rules of competition; wine would be dealt with similarly, with special control of quality.

Besides this basic system, the Proposals suggest, sometimes in uncertain terms, various other possible measures. These include exports of cereals and sugar for the account of the marketing boards; advances against the cereal crop; restrictions on output of sugar and milk; subsidies on butter consumption; and separation of the markets for liquid milk and milk for processing. Furthermore, stock-piling of beef and support for its export to third countries could be considered. Finally, provision is made in certain circumstances for limiting production of fruit and vegetables, for distilling short-term surpluses of wine into industrial alcohol, and for pulling out vines.

Export Policy and Support Funds

Among the salient issues still undecided is the policy relating to agricultural exports. The Proposals voice concern about maintaining both import and export trade with third countries, presumably for commercial reasons, and to safeguard the interests of those exporters whose prices and costs may rise as a result of the common price level. More concretely, it is proposed that export opportunities should be maintained by refunds corresponding to the charges levied on imports. The text of the Proposals is vague, however, concerning which charges on imports (feed grain compensation levies, levies covering differences between target or " threshold " prices and import prices, and tariffs) are to be refunded on exports of which commodities. This appears to be a crucial area for further negotiations. Plainly the interpretation given to these refunds will be basically important to the agricultural export position of the EEC; and third countries will need to be convinced that such treatment of agricultural exports does not amount to a subsidy. If the full difference between agricultural prices within the Common Market and export prices resulting from the various combinations of levies and tariffs described above is not refunded, there will be little inducement to export other than for disposing of surpluses which might endanger the internal price level. Such differential pricing between exports (including refunds) and the internal market requires, however, as a minimum, a marketing organization to provide for equalization between foreign and domestic sales.

The provisions to be made for financing the stabilization and support funds envisaged for nearly all products[127] are important in this context. The standard source of finance according to the Proposals would be the import levies — but not the tariff [128] — on the commodity concerned, possibly supplemented by levies on producers (for wheat, sugar, milk and wine) and by contributions from the general budget (as for milk).

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[124] Levies would replace the customs duties of the common tariff.

[125] The tariffs on pork, poultry and eggs would be reduced from those established in the common tariff to a level still to be decided.

[126] Import certificates for frozen beef, although normally non-operative, could be used to restrict imports if internal market conditions so required.

[127] Except for vegetables and fruit.

[128] With the partial exception of wine.

Moreover, various possibilities of transfers between the funds are indicated in the Proposals: sums would be transferred from the fund for feed grains to those for pork, poultry, and eggs, to the extent of refunding the levy on feed grains when these animal products are exported, and the same fund would be used for financing the stabilization of the market for pig-meat. Other transfers between commodity funds, and also to the proposed fund for structural improvements, would be made by special ruling.[129]

Although the proposals concerning the funds may be substantially changed after further negotiations, it is clear that restrictions on their sources of finance, and on transfers between them, significantly affect the possible scale of market intervention by the marketing boards, and the extent to which exports may benefit from the restitution of levies charged on imports.

In so far as financial resources depend on import levies, the emergence of permanent (net) export surpluses of a commodity will make it impossible to maintain producers' prices at the initial level above world market prices. By means of producers' levies the margin between domestic and world market prices might formally be maintained, but average producers' prices would effectively be lowered. Either way, the margin of support would necessarily be reduced if there were net export surpluses. But if transfers between funds are possible this conclusion does not follow. In that case, levies on net imports of some commodities can finance export surpluses of others without detriment to producers' prices, thus affording greater opportunities for export subsidies, as do contributions from the general budget. If, on the other hand, only levies — and not tariffs — enter the funds, the financing of exports and the maintenance of the protective margin will run into difficulties even before gross exports begin to exceed gross imports.

Possible Consequences

The likely effects on the pattern of production and trade of an EEC agricultural policy along the lines of these Proposals cannot be anticipated with precision. Important issues are, as was indicated above, still under discussion — which may be protracted; and the actual prices for agricultural products have not yet been determined and much further negotiation is expected on this matter. The various target prices and floor prices, and the (reduced) tariffs, have still to be fixed, on the basis of the experience of the effects of price changes agreed in the transitional period.

Nevertheless, it seems reasonable to assume that the common level of support will eventually fall within the present range obtaining in the countries of the Community. Thus, most agricultural producers' prices would rise in the Netherlands and France, and fall in western Germany and Italy. This prospect has aroused the strong opposition of farmers in countries where producers' prices are to go down,[130] especially in western Germany, and it remains to be seen whether the Proposals of the Commission will be accepted without any fundamental changes. The following comments assume, however, that at any rate their common-market features will be preserved.

Most of the earlier discussion of agricultural support schemes which raise both producers' and consumers' prices above world market levels through interference with imports is relevant to an appraisal of proposed EEC policy. Some additional comments are necessary only because a common agricultural policy in the EEC may be assumed to involve a lowering of support in some countries and its raising in others, thus stimulating production in the former and tending to reduce it in the latter (and conversely for consumption). The net result will depend on the relative changes, upward and downward, in the level of support, and on the volume of production affected, about which little definite can be said at present.[131] But it seems reasonable to assume that the increases in production will tend to be greater than the declines, at least in the short and medium run; for farmers are unlikely to abandon agriculture if their incomes are depressed, whereas higher prices will be an incentive to increased output. If this were a result of the Community's agricultural policy imports into EEC countries might be displaced more quickly, and difficulties might arise sooner.

More importantly, the new policy may tend to magnify some existing structural problems of agriculture in the EEC countries. In section 1 it was observed that large differences of costs and incomes in agriculture exist even within one country. And it was argued that a standard level of support throughout a country is therefore unsatisfactory if the aim of policy is to give a reasonable income to the agricultural population: the level of support is either too low for the poorer farmers, or too high for those who are better off. This problem is aggravated by the establishment of a unique level of support for all six countries of the Community. In the countries where prices should fall, the pressure for structural adjustments will increase, if hardship is to be avoided, while in the other countries the opposite will be true.

This difficulty is recognized in the Proposals, where the need for structural adjustments is acknowledged;

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[129] Levies on the producers of a commodity would not be transferable to other funds.

[130] It may be recalled that a decline of, for example, 10 per cent in agricultural producers' prices, and in the value of agricultural output, entails a much more than proportionate fall in their incomes.

[131] The outcome is also influenced by the price changes in non-agricultural sectors — and in agricultural inputs — resulting from the common market.

but the emphasis of the Proposals, as they stand, is on market policy. The main responsibility for structural policy is stated to lie with the national governments, but it is argued that the importance of structural improvements for a successful common agricultural policy necessitates the co-ordination and invigoration of national policies. To this end, and on certain conditions, financial help may be granted.

There is, however, no thoroughgoing discussion of structural policy in the Proposals. It is suggested, rightly, that the problem should be considered within the framework of a regional development policy; but few specific proposals are made concerning the necessary structural reforms, or their implementation, nor is it stressed that a large outflow of manpower from agriculture would be involved. Concrete recommendations are envisaged in future reports. In the meanwhile, the lowering of support levels in some countries will probably meet opposition which could only be allayed if, as seems unlikely, structural reforms were made *pari passu* with the implementation of the market policy. In this connexion, the Proposals point out that the application of the Common Market policy may cause special difficulties for agricultural incomes in certain regions, or in certain types of enterprises, thereby necessitating special support for the incomes of the groups affected. This opens the way, at least, for a more differentiated support policy such as advocated above.

The consequences, then, of a common agricultural policy within the EEC would seem to depend largely on the effective support given to agricultural prices, relative to their present levels in the countries of the Community, and on reactions to changes in prices. If agricultural output contracts in those countries where price support is lowered and structural reform is effected with a rapid outflow of labour from agriculture, the consequences of the EEC agricultural policy may be wholly favourable: structural improvement of agriculture, and the displacement of less efficient by more efficient producers. If, however, the required structural changes are not effected at all — or not rapidly enough — and output is maintained despite lower prices, agricultural problems in the Community will be aggravated: a stronger tendency towards agricultural surpluses, falling farm incomes in some countries, and no structural improvement. In either case, the expansion of production in countries where agricultural support prices are raised, to the detriment of low-cost imports from third countries, will tend to be greater the higher the common price level. In sum, uncertainty as to the future level of agricultural prices in the Community and the lack of a vigorous and well-designed structural policy appear to be the weakest points in the agricultural proposals of the EEC Commission as they stand today.

(c) Southern Europe

Basic Considerations

Although certain problems of agricultural policy in southern Europe also exist in industrial western Europe, they are on a quite different scale; and the much more intricate interactions of agricultural and general economic policy require a rather different approach. Any agricultural policy for the countries of southern Europe would, it seems, have to take account of the following basic elements. First, as was suggested in section 3, demand for agricultural products in southern Europe is likely to grow much faster, on balance, than in the higher-income countries of western Europe, owing to more rapid population growth, lower levels of current per capita consumption, and a probably faster rise in incomes. At the same time, there is still ample scope for expanding agricultural output by raising yields. Second, the agricultural population accounts for about one-half of the total active population in those countries (and for even more in Turkey) — a share some two or three times as large as in western Europe. For this reason support for agriculture by means of direct income transfers is a larger burden for the rest of the economy, while the prevalence of subsistence farming renders price support relatively ineffective. Finally, and perhaps most importantly, industry is the key sector on whose rapid expansion the long-term solution of the problem of overpopulation in agriculture depends. This position limits the extent to which agriculture can be supported at the expense of industry, and presents a problem which is discussed below.

Agricultural policy in southern Europe should, it seems, try to strike a balance among diverse competing objectives. It should not impede rapid industrialization; it should promote a swift increase of agricultural output through higher yields in order to satisfy rising demand, to minimize import requirements, and to exploit export opportunities;[132] and it should ensure a reasonable distribution of income between the agricultural and the non-agricultural population. The question is then of selecting the means of policy best suited to achieving these ends.

A convenient starting point for outlining such a policy may be the widely accepted view that industrialization of the southern European countries should be promoted by measures correcting a fundamental market imperfection which exists in any economy with a large under-employed labour force in agriculture and which tends to slow down industrialization. In such economies — as is well known — the marginal contribution of labour to agricultural output is small, but labour income is maintained above this level by the sharing of employment (and incomes) among the farm community, thus easing the pressure to leave agriculture.[133] On the other hand, industrial wages must be at least as high as this average farm income (allowing for differences in the cost of living between towns and countryside) and are usually much higher — partly in order to provide an incentive to move, and partly for other reasons — e.g. as a result of trade union action, labour legislation, or the attitude of large employers. This causes relative (private) money costs in industry and agriculture to exceed real (social) costs, and thus acts as a drag on industrialization; and such industries as are established tend to be much less labour-intensive than is desirable if under-employment is to be reduced. In consequence, relatively high wages are earned by the lucky few who find jobs in industry, to the detriment of the general level of employment and incomes.

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[132] In other words, increases in output should be properly differentiated according to market prospects at home and abroad; see below.

The neatest way of closing this gap between money wages in industry and marginal productivity in agriculture would be to grant a flat subsidy on industrial payrolls, but this may be beyond the administrative possibilities of the southern European countries. In practice, therefore, industrial imports have to be restricted if industrialization is to proceed unhampered by the defects of the labour market in those countries. Even import restrictions, however, while tending to restore the proper balance between agriculture and industry, do not correct the bias against a more labour-intensive industrialization.

Implications for Agricultural Support Policies

What limitations does the need for industrial protection (related to the level of industrial wages) impose on any policy of agricultural support in southern Europe? A support policy operating through prices — the most common type—is very likely to engender wage claims to compensate the higher cost of living. In that case greater industrial protection would be required if the momentum of industrialization is not to be lost. Depending on the effect on wages, therefore, higher prices of manufactures will, to a greater or lesser extent, again offset any attempt at raising agricultural incomes by means of higher prices of food. Improvements in the efficiency of marketing and distribution would, of course, make possible higher farm prices without any untoward effect on food prices to consumers. The desirability of such improvements is plain; but this does not affect the present argument concerning price support.

Hence, support policies are likely to require an increase in nominal agricultural prices by a multiple of the real rise in agricultural prices (in relation to industrial prices) to be achieved. An inflationary spiral of agricultural and industrial prices seems more than likely in the process. The net result is probably a very high level of protection for both industry and agriculture, with industry maintaining a considerable margin over agriculture if industrialization is to proceed quickly. In that case the country is unnecessarily cut off from foreign trade, for imports obviously decline, and both traditional and new export outlets are hampered owing to the rising cost level.

Moreover, to the extent that a price support policy for agriculture in southern Europe is effective, it has other undesirable consequences. It will raise incomes of farmers only in so far as they have marketable surpluses. In southern Europe only a small part of total agricultural output (especially of wheat) is sold to other sectors, mostly from the bigger farms, while the remainder of the farm sector consists, more or less, of subsistence farmers. A price support policy therefore disproportionately swells the incomes of wealthier, and benefits but little the poorer, farmers — an outcome which is socially perverse.[134]

One of the objectives of an agricultural policy for southern Europe listed above was higher agricultural output and productivity. It seems doubtful whether, given the conditions of the region, changes in the general level of agricultural prices have any significant impact, up or down, on the volume of output and yields.[135] Where, as in southern Europe, agriculture uses few outside inputs, an *increase* of agricultural prices is unlikely to affect appreciably the intensity of farming, or the volume of output, except to the extent that it may induce some farmers to experiment with new methods, buy more fertilizers, seed, etc.; and this presupposes adequate credit facilities, marketing outlets, etc., as well as higher prices. Certainly, the desired effect on output can be achieved much more surely by direct action on the supply of inputs — an argument which is developed below. The impact of a *reduction* in the general level of agricultural prices is probably even smaller; for, at relatively primitive levels of farming techniques, the clear advantages of more advanced methods, once seen, are likely to outweigh by far any decline in prices. In other words, it would surely pay the farmer to maintain, or probably even increase, such inputs of fertilizers, seed, etc. as he has been using, even — up to a point — despite a significant decline in prices of output.[136]

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[133] Until alternative employment becomes available, this need not be undesirable.

[134] This is less true where even small farmers are specialized in production and have to sell a part, at least, of their output, e.g. of wheat, as in some regions of Spain, in order to meet their consumption needs.

[135] They may have somewhat greater influence, however, on the volume marketed.

[136] Furthermore, the backward sloping supply curve of economic textbooks may have some relevance for southern Europe.

The case against agricultural price support in southern Europe seems formidable. To the extent that it effectively raises agricultural prices relatively to those in industry, it runs counter to the major aim of rapid industrialization, and hence to the long-term interests of the agricultural sector: if it is largely ineffective, as seems more likely, it needlessly isolates the economy from foreign trade and, in particular, damages export prospects. Moreover, it tends to redistribute income within the agricultural sector in an undesirable way, and probably has a negligible effect on raising agricultural yields and output.

An Alternative Policy

It might be better, therefore, not to support agricultural prices.[137] Low food prices would then help to hold down industrial money wages, enabling industrialization to proceed rapidly with less protection, with less interference with foreign trade and less harm to export prospects. But the argument should be taken further: before any conclusions are drawn, it has to be asked whether such a policy fulfils the other objectives of agricultural policy in southern Europe noted above.

The net effect of the links between agricultural incomes (and prices), industrial wages, and the degree of industrial protection (and prices) necessary to ensure rapid economic development and industrialization, is that industrial wages are higher than agricultural incomes. As there seems to be no reason why the few who manage to find work in industry should be heavily favoured compared with the majority of the agricultural population, there may be a good case for a tax on industrial wage-incomes to restore, to some extent at least, the balance in relative incomes.

More generally, direct taxation is essential to one alternative policy. The whole of the previous argument has been conducted in terms of agricultural support implemented by means of raising prices. At first sight, a scheme resembling " deficiency payments " might seem more suitable, inasmuch as it would avoid the direct and unfortunate consequences of higher agricultural prices on consumers' prices for food and industrial wages.[138] But this method, apart from the administrative problems that it creates, means taxing the non-agricultural sectors in favour of the agricultural sector. Since in southern Europe farmers still constitute about one-half of the total population, any significant redistribution of income in their favour places a heavy tax burden on other sectors. Moreover, given the difficulty of raising tax revenue to meet the other financial needs of government, it is unlikely that much could be achieved by this approach; and a too heavy fiscal burden on industry, by reducing its rate of expansion, would be damaging to the overall development of the economy.

Ultimately, the income balance among the various social groups will depend on their relative bargaining power, economic or political, regardless of whether an agricultural support policy is implemented by means of relative prices or taxation. On balance, however, claims for higher wages are less likely to arise from higher direct taxation than from increases in the cost of living caused by higher food prices. If this presumption is correct, a limited redistribution of income, narrowing the gap between living standards in agricultural and industrial employment, would seem both practicable and socially desirable.

Since the purpose of agricultural support of this type is social, a policy of direct income transfers has the additional advantage of facilitating differentiation: if scarce tax resources are to be used most efficiently, income support should benefit the poorer farmers and not the large landowners found in some southern European countries.[139]

Finally, as a more important alternative agricultural support may be used for the third major objective of an agricultural policy for southern Europe — the provision of incentives to higher output. There still exists considerable scope for expanding output by raising yields from their present low level, as was observed in section 1.[140] To exploit this opportunity, more fertilizers, better seed, crop rotation and the spread of improved agricultural practices generally would be required. The most effective support that can be given to farmers in southern Europe is to propagate better farming methods, and to subsidize heavily the necessary inputs while initial inertia in applying them is overcome; for returns on a greater use of these methods and inputs — in proper proportions — would be very high. If the funds available for farm support were used in this way, not only would farmers' incomes be higher than if straightforward income subsidies were paid, but agricultural output would also be much larger. In consequence import needs would fall and export possibilities grow; and food prices could be lowered (without reducing farmers' incomes) which, as was argued above, is essential in order to hold in check the rise of money wages in industry — and the degree of protection.

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[137] Except, of course, by means of stabilization measures to even out short-term fluctuations.

[138] A commonly used variant is to offset high agricultural producers' prices by consumers' subsidies: the shortcomings of this method are the same as those mentioned.

[139] There is a general problem of preventing support given to tenants from being passed on to landowners — especially if the pressure on land is great. Even where good tenancy legislation exists, it is not easily enforced in such circumstances.

[140] See, for a full study of this subject, the *Economic Survey of Europe in 1959*, Chapter VII; and FAO, *Mediterranean Development Project*, Rome 1959.

Subsequently, since more advanced farming methods, and greater use of fertilizers, seed, etc., are highly profitable even when unsubsidized, subsidies could be gradually withdrawn when their purpose of promoting the widespread use of new techniques had been achieved. On all these counts this method of supporting agriculture seems preferable to income transfers.[141]

Differentiation by Commodities

The foregoing discussion of the general level of agricultural support, and the best means of implementing it, has ignored the allocation of support by commodities. Until very recently, support schemes in all southern European countries favoured wheat cultivation to other lines of production. Some shift of emphasis is now being made, notably in Greece and Yugoslavia, towards other products such as livestock (and an expansion of the necessary fodder base), as well as other commodities for which more favourable developments of demand, at home or abroad, are in prospect. Such a change in the pattern of output of southern European agriculture is widely acknowledged to be eminently desirable:[142] it would be in accord with the expected expansion of demand;[143] it would provide for a better land use — with less fallow, better maintenance of soil fertility, and higher value of output; and, finally, it would mean a switch to more labour-intensive products, thus reducing under-employment. The differentiation of support among commodities therefore seems to call for discrimination in favour of livestock and fodder crops, and perhaps some industrial crops and fruit — and against wheat — rather than the reverse.

It is not certain how far support differentiated by commodities in this way would cause a change in the pattern of output, partly because not enough is known about the technical production alternatives. The excessive price of wheat appears to have caused an embarrassingly large expansion of wheat production — more as a result of increased acreages than of higher yields. Yet it is also claimed sometimes that in some areas only a steep fall in relative prices would induce farmers to switch their production pattern; for at present prices and yields, and given existing marketing difficulties, wheat production is relatively far more profitable than any alternative — and easier into the bargain. If this is so, a gradual change in relative prices tends only to lower incomes, whereas a radical price revision might succeed in the aim of altering the pattern of production.

A big increase in yields would undoubtedly facilitate the transition to a more diversified pattern of output. On the farm level, it would ensure a livelihood and leave a margin for experiment.[144] On the national level, it would dispose of the argument that support for wheat production is essential to guarantee at least a minimum diet — a reasonable argument for a country with chronic balance-of-payments problems which make food imports difficult. It loses its force, however, if, as in Turkey, it is pushed to the extreme of creating export surpluses of a commodity in world-wide surplus, rather than of other products, with better demand prospects. In any case, with rising living standards and growing industrialization, imports of other agricultural products are hardly less essential; a policy paying more attention to comparative advantages in production and trade would, therefore, seem to have many advantages.

It would appear, therefore, on the strength of the preceding discussion, that the countries of southern Europe, in the interests of both overall economic development and the incomes of their agricultural populations, would benefit from a concentration of agricultural support on measures promoting the spread of better farming methods rather than on price supports. Moreover, such price support as they continue to give should discriminate against wheat, rather than in its favour, thus encouraging a shift towards a more suitable crop pattern and possibly a more advantageous pattern of trade in agricultural products. Finally, any income support given might well discriminate in favour of poorer farmers, as in industrial western Europe.

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[141] See, for a similar argument with special reference to Greece, X. Zolotas, *Monetary Stability and Economic Development*, Bank of Greece, Athens 1958, pp. 16-18.

[142] See, for example, the *Economic Survey of Europe in 1959*, Chapters VII and VIII, and FAO, *Mediterranean Development Project*, for a recent discussion.

[143] See section 3 above.

[144] It has already been argued above that the social reasons advanced in favour of a high wheat price — that many small farmers depend on this crop — are not very convincing, in so far as the saleable surpluses of those farmers are small or negligible; most of the income benefits accrue to the bigger farms.

ANNEX I TO CHAPTER III

THE MARGIN OF PROTECTION: COMMODITY NOTES

Cereals

Wheat

The comparison of wheat prices in Table 19 relates principally to soft wheat, which predominates in both production and trade. Imports of hard wheat (which is generically very different from most western European wheat and more akin to the durum or other hard wheat grown in a few countries) in most countries only slightly affect average import unit values.[1] The two varieties are distinguished in national trade statistics only for Italy and Turkey; but for other countries hard wheat can be assumed to preponderate in imports only in the major exporters of soft wheat, i.e. France and Sweden.[2] Similarly, the average price received by farmers is insignificantly affected by the inclusion of hard wheat. Although it may account for as much as 20 per cent of total wheat output in some southern European countries (e.g. Italy and Portugal), the domestic price differential for the two varieties (aimed at encouraging higher production of durum wheat) is big enough significantly to affect the national average only in Italy, and for that country the average price received for soft and hard wheat has therefore been separately estimated (for details see Appendix B).

Market intervention is for no commodity greater or more widespread than for wheat. It is impossible, therefore, to establish for the various countries the price differential caused by consumer preference for better quality foreign wheat; in any event this differential depends on national tastes and consumption habits for bread and other flour products. In the only existing free market — the United Kingdom, where imported wheat competes freely and without tariff with domestic wheat — comparable imported wheat commands a premium of about 15 per cent over the domestic variety.[3] Since the average quality of wheat is much the same in most western European countries, a premium of some 15 per cent on imports may in general be assumed in assessing relative farm and import prices.[4]

Unit values of wheat imported into western Europe diverged rather more among countries in the early fifties than in recent years, but were then generally higher than now. The reason for the greater spread in the earlier period is probably that wheat was still in short supply and sizable quantities were traded outside the International Wheat Agreement at a higher price (20 to 30 per cent more, on an f.o.b. basis). Belgium — possibly because of its greater ability to buy from dollar sources — and above all the United Kingdom (under Commonwealth and other long-term agreements)[5] bought wheat at relatively favourable prices; and in the prevailing scarcity French wheat was also exported at no great loss. There was also some year-to-year variation in c.i.f. prices during 1950-1952 on account of the sharp rise in transatlantic freight rates after the outbreak of the Korean war.[6]

Allowing for quality differences,[6a] the margin between domestic and foreign wheat prices does not seem to have been particularly large in most countries in the period 1950/51-1952/53. Indeed, in the Netherlands, farm prices had been kept down and were below the general world price level; in Sweden exports fetched a higher price than domestic supplies; and in Denmark and Ireland the protective margin was probably not more than 10 per cent. Apart from the extreme case of Switzerland, in no country except Greece (before the devaluation of 1953) was the margin greater than about 30 per cent.[7]

The steep decline in world wheat prices (notwithstanding the growing accumulation of stocks), as production in western Europe and elsewhere expanded, was not generally accompanied by a corresponding fall in farm prices in western Europe, which were usually maintained at about their former level. Prices actually rose in Finland (in spite of two intervening devaluations), in Norway, and in the Netherlands; and much of the gain of the 1953 devaluation in Greece had been wiped out by 1957-1959 as a result of domestic support of the wheat price. Indeed, producer prices fell to about the new world level only in Denmark, but the most recent devaluation in France (the largest western European exporter) has brought that country's wheat price quite close.[8]

The protective margin therefore widened appreciably, particularly in the Netherlands and Sweden (where it is still, however, among the smallest) and also in Finland, Portugal, Norway and western Germany; to a less extent it widened in most other

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[1] On average, unit values for hard wheat would be about 10 per cent above those for soft wheat.

[2] The proportion of hard wheat in Turkish exports is very variable, but on average the price differential between the two varieties is quite small. Since the data for Italy permit, Table 19 also shows separate import and export unit values for hard and soft wheat. (Soft wheat continues to be imported under unexpired contracts.) Imports into France and Sweden may in some years be augmented by soft wheat, if the average domestic quality is below normal and a greater proportion has in consequence to be disposed of as feed.

[3] A fairly typical quality of soft wheat imported from overseas that is comparable with wheat produced in western Europe is United States No. 2 Red Winter. During the three seasons 1955/56-1957/58 this wheat stood at a premium of just below 15 per cent over French wheat in the United Kingdom market and (during 1956/57-1958/59) slightly more than 15 per cent over British wheat.

[4] For Spain and Turkey, where qualities are somewhat more comparable with those prevailing overseas, a differential of only 10 per cent has been assumed.

[5] The United Kingdom was not a party to the first International Wheat Agreement.

[6] If 1950 is considered a normal year, the additional freight cost for 1951 and 1952 added about 45 US cents per quintal to the average c.i.f. price in 1950-1952 of Australian wheat, and under 40 cents to the price of North American wheat. If freight rates in 1958 and 1959 are regarded as a current norm, the higher rates prevailing in 1957 added about 20 cents per quintal to the average c.i.f. price for 1957-1959 from Australia, and 15 cents to that from North America.

[6a] Quality differences are not allowed for in Tables 19 to 25, but are taken into account in Charts 1 and 2 (section 2).

[7] The United Kingdom is among the countries at this upper limit, but as noted above enjoyed particularly favourable import prices.

[8] For the present position of southern European countries, and in particular Turkey and Yugoslavia, see below.

TABLE 19

Wheat: farm prices and foreign-trade unit values

A — Average price received by farmers
B — Unit value of imports or exports
C — Unit value as percentage of average farm price

Dollars per quintal, and percentages [a]

Country	1950/51 — 1952/53			1956/57 — 1958/59		
	A	B	C	A	B	C
Importers						
Austria	9.04	9.02	*100*	9.62	7.88	*82*
Belgium	9.09	7.40	*81*	9.35	6.77	*72*
Denmark	8.02	8.77	*109*	6.82	6.66	*98*
Finland	12.39	10.90	*88*	13.08 [b]	8.48 [c]	*65*
France [d]	9.31	10.58	*114*	7.29 [e]	9.54	*131*
Western Germany	9.46	8.83	*93*	9.88	7.00	*71*
Greece	12.79	9.71	*76*	10.09	7.45	*74*
Ireland	7.85	8.29	*106*	7.39	7.35	*99*
Italy (Soft wheat)	11.00 *	9.57	*87*	10.72 *	7.81	*73*
(Hard wheat)	12.62 *	9.33	*74*	13.43 *	9.30	*69*
Netherlands	6.41	8.21	*128*	7.27	6.42	*88*
Norway	9.95	8.16	*82*	11.71	7.21	*62*
Portugal	10.33	8.76	*85*	10.51	7.26	*69*
Spain	..	..	..	8.50 [e]	7.07	*83*
Sweden	8.27	9.71	*117*	8.14	7.00	*86*
Switzerland	14.55	9.31	*64*	15.04	8.10	*54*
Turkey	10.22	12.70	*124*	5.75 [f]	7.86	*137*
United Kingdom	7.80	6.58	*84*	7.85	7.15	*91*
Yugoslavia	..	..	..	4.25 [g]	7.50	*176*
Exporters						
Belgium	9.09	7.60	*84*	9.35	5.90	*63*
France	9.31	8.69	*93*	7.29 [e]	5.83	*80*
Italy	..	..	.	10.72 *	6.25	*58*
Spain	..	..	..	8.50 [e]	6.61 [h]	*78*
Sweden	8.27	10.69	*129*	8.14	6.56	*81*
Turkey	10.22	11.77	*115*	5.75 [f]	7.02 [h]	*122*

Sources and methods : See Appendix B.

NOTE. — Prices received by farmers have not been adjusted for : costs of collection, storage and delivery; differences in quality from imported wheat; possible difference between actual unit values of imports and the "import supply price" (see text).

[a] For the exchange rate used for France, Spain, Turkey and Yugoslavia, see text and Appendix B.

[b] 1957/58 and 1958/59.

[c] 1957 and 1958.

[d] Price series not strictly comparable.

[e] 1958/59 and 1959/60.

[f] 1959/60.

[g] Calendar years 1957 to 1959.

[h] 1958 and 1959.

countries also.[9] Consequently, wheat — with milk — is now probably the most highly protected of the principal agricultural commodities produced in western Europe, and even countries such as Denmark [10] do not compete fully with overseas suppliers.[11] (See Chart 1, p. 23.)

The considerable price support for wheat in the United States, involving a large subsidy for commercial exports,[11a] raises, however, the question whether current wheat prices in international trade are artificially low. It should be borne in mind that a high and rising proportion of total shipments of wheat from the United States — about two-thirds, on average, in the last three years — has been non-commercial, i.e. supplied under various programmes of surplus disposal; United States commercial exports are only about one-seventh of total world commercial exports. To the (probably considerable) extent that surplus wheat would otherwise have been added to stocks, and has not reduced the commercial export possibilities of other countries, it can scarcely have affected world prices importantly. (The increase in world trade in wheat in recent years has been due primarily to the rise in exports under government-assisted programmes. Since 1954/55 such exports from the United States, Canada and Australia have risen from 12 per cent to 24 per cent of total world wheat exports. See *Review of the World Wheat Situation*, International Wheat Council, London, November 1960.) Moreover, while subsidies on commercial exports from the United States and France may have had some impact on world prices, Canada, Australia, and possibly

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[9] There was little change in the United Kingdom, where import unit values were exceptionally low in 1950-1952.

[10] Danish legislation of 1958 provided for a modest degree of price support to cereals, which had not formerly enjoyed any special measures of support.

[11] The comparison of domestic and foreign prices does not allow for the cost of collection and delivery from farms to wholesalers (and costs of storage), i.e. a stage of distribution roughly comparable with imported wheat. No representative data on such distribution costs are available, but they may well add something like 5 per cent to the price received by farmers.

[11a] This subsidy currently amounts to about 60 cents for an export price of some $1.68 per bushel.

Argentina, currently export with virtually no government assistance to producers. An expansion of unsubsidized exports from the latter countries at roughly the present level of world prices should not present any serious difficulty. The suggestion,[12] therefore, that the import supply price for wheat would be only about 5 per cent higher than the current world price appears reasonable. On this basis, the protective margin found above for wheat in western Europe would not require substantial modification.

The southern European countries call for special comment, and for a reminder about the qualifications mentioned in section 2 concerning a comparison of domestic and foreign prices in these countries. The degree of protection in Greece, Portugal and Spain (even since the exchange rate adjustment of 1959) resembles that of most of western Europe, and in all southern European countries support of the wheat price has been a central feature of agricultural policy. In Spain and Turkey, at any rate, such support has necessitated expenditure of public funds on such a scale as to aggravate inflationary conditions and render more difficult the maintenance of an (artificial) exchange rate which had eventually to be abandoned. Turkey, after 1954, incurred heavy losses in exporting wheat below domestic prices at the current exchange rate, and rapid inflation led eventually to devaluation; developments in Spain were rather similar.[13] Measured by post-stabilization exchange rates, however, domestic wheat prices in Turkey are now well below world prices, but in Spain they are still distinctly above. Yugoslav wheat prices at the new exchange rate are also well below the world level (see Table 19).

Barley

Barley is used principally as animal feed, much of it directly on the farm; but in some countries, particularly Denmark, exports of barley for brewing and other industrial purposes are important. In general, however, brewing barley does not predominate in output, and western European imports consist mainly of feed barley to supplement domestic supplies.[14] Barley for brewing fetches a higher price than for other uses; the price differential varies from country to country and over time, depending on quality, but is usually at least 10 per cent and can be much higher (e.g. in Ireland). A thorough examination of margins between domestic and foreign prices should therefore distinguish the two kinds of barley, rather than take an average. Domestic farm prices for the two types are available for several countries for 1956/57-1958/59 (though not for the earlier period, for which only rough estimates can be made by analogy), but rarely for foreign trade. It is assumed both that export unit values normally relate to good quality for brewing, and that import unit values are only slightly affected by the possible inclusion of some brewing barley.[15] Thus, import unit values have been compared, wherever possible, with prices received for feed barley (roughly estimated from average prices where necessary), and export unit values with prices received for brewing barley. In western Europe, only Yugoslavia and Turkey are as a rule net exporters of barley, and for them the price comparison should obviously be made with exports. Exports (assumed to be mainly of brewing barley) from several net importing countries are by no means negligible, and in some the ratio of domestic to foreign prices is not the same for imports as for exports (on the assumptions referred to above). In such cases conclusions have been drawn from the side of imports, in view of the preponderance of feed barley in total consumption.

Feed barley in western Europe appears to be somewhat inferior in quality to that imported from overseas, though generalization is difficult since even within western Europe variations in the quality of domestic barley are probably greater than for wheat. Thus the only available market measurement of these differences in quality — the premium for imported barley in the United Kingdom of less than 10 per cent — is not necessarily valid for other countries; but, in the absence of any other suitable indicator, a standard difference of 10 per cent in favour of imported varieties has been assumed.

Import unit values vary considerably between countries. Ignoring extremes, the range was some 30 per cent in the earlier period — certainly more than can be explained by transport costs — but has since halved.[16] Comparisons over time must, therefore, be treated with some caution, and the data in Table 20 only roughly measure the gap between foreign and domestic prices. It none the less seems reasonably certain that this gap has widened in a few countries, In general, the change has been less drastic than for wheat, since price policies have had to pursue the twin, and conflicting, objectives of ensuring a minimum income to barley producers without unduly raising the cost of feed — especially for pigs and poultry; in western Germany, the United Kingdom, Italy and Finland the change has been especially pronounced, since prices to domestic farmers have hardly changed or have fallen less than the price of imports.[17]

Apart from Switzerland, at the extreme, and the above four countries (in which margins between domestic and foreign prices are now among the widest in western Europe), the margin remains relatively small, and is in many countries apparently below 10 per cent, or certainly less than 20 per cent. It may be noted that the Netherlands, though falling within the general range of some 20 per cent and meeting only one-third of its coarse-grain requirements from domestic output, has a fairly high margin in relation to, say, Denmark or France. In the southern European countries the margin is also generally lower than for wheat; but prior to the devaluation of 1958 Turkish exports of barley none the less caused budgetary losses.

Sugar and sugar-beet

A large part of world trade in sugar (there is virtually no trade in sugar-beet, even within Europe) is conducted within the framework of preferential trading agreements or of the International Sugar Agreement, which attempts to stabilize sugar prices. Consequently, only some two-fifths of total world trade in sugar enters the "free" market; "free" prices naturally fluctuate much more than those set under the preferential

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[12] G. Hallett, "The Economic Position of British Agriculture", *The Economic Journal*, September 1959.

[13] For a fuller description of internal financial conditions in Spain and Turkey in recent years, see the SURVEY for 1959, Chapter VIII.

[14] The principal countries where brewing barley is a significant share of total consumption (one-fourth to one-third) are Austria, western Germany, Ireland and the United Kingdom (see FAO, *Monthly Bulletin of Food and Agricultural Statistics*, October 1959). The share in output is presumably somewhat larger (e.g. in Ireland it is about one-half).

[15] The former assumption seems reasonable since import deficits are common. The latter assumption can be tested for western Germany, a country for which separate trade data are published; although imports of brewing varieties constitute about 30 per cent of the total, the average unit value is raised by less than 10 per cent.

[16] The preceding observations on variations in freight rates and their impact on c.i.f. import prices of wheat are generally applicable to barley also, as are those concerning the lack of allowance for costs of collection, delivery, storage, etc.

[17] In Belgium the margin appears to have narrowed. However, Belgium has supported coarse-grain prices only since 1957. Import unit values into Belgium in 1950-1952 were particularly low, possibly reflecting quality, but in any event the protection accorded in recent years appears to have been small.

TABLE 20

Barley: farm prices and foreign-trade unit values

A — Average price received by farmers for all barley
B — Import or export unit values (all barley)
C — Percentage of unit value to average farm price for all barley $\left(\frac{B}{A}\right)$
D — Average price received by farmers for feed barley (importers) or brewing barley (exporters)
E — Percentage of unit value to average farm price of feed or brewing barley $\left(\frac{B}{D}\right)$

Dollars per quintal, and percentages [a]

Country	1950/51 — 1952/53			1956/57 — 1958/59				
	A	B	C	A	B	C	D	E
Importers								
Austria	11.13 [b]	10.54 [c]	*95*	..	7.79	..	7.50	*104*
Belgium	8.81	7.05	*80*	6.79	6.26	*92*	6.62	*95*
Denmark	8.63	7.88	*91*	6.23	5.73	*92*	..	..
Finland	11.01	11.16	*101*	10.87	8.38 [d]	*77*	..	..
France	..	..	..	6.02 [e]	6.45 [f]	*107*	..	..
Western Germany	9.79 [g]	8.84	*90* [g]	10.04	6.44	*64*	8.79	*69* [h]
Greece	9.96	9.02	*91*	7.68	5.82	*76*	7.41	*79*
Ireland	..	..	..	6.58	6.41	*97*	5.64	*114*
Italy	8 15 [i]	9.02	*111*	7.77	5.77	*74*	..	..
Netherlands	8.69	8.18	*94*	6.75	5.66	*84*	6 51	*87*
Norway	8 54	7.93	*93*	9.13	7.23	*79*	8.25	*88*
Portugal	6.74	8.00 [j]	*119*	7.59	7.00 [j]	*92*	7.47	*94*
Spain	..	..	..	6.67 [e]	5.80	*87*	..	..
Sweden	6.82	9.03	*132*	6.55	5.83	*89*	6.22	*94*
Switzerland	..	8.31	..	12.14	6.52	*54*	..	..
United Kingdom	9.10	8.31	*91*	7.76	5.92	*76*	..	..
Exporters								
Belgium	8.81	8.06	*91*	6.79	6.62 [d]	*97*	7.03	*94*
Denmark	8.63	9.70	*112*	6.23	7.36	*118*	..	..
France	..	..	..	6.34	6.05	*96*	..	..
Netherlands	8.69	11.66 [k]	*134*	6.75	7.11	*105*	7.00	*102*
Sweden	6.82	9.56 [l]	*140*	6.55	7.28	*111*	6.73	*108*
Turkey	6.32 [m]	9.45 [c]	*150*	4.79 [n]	4.64 [f]	*97*	..	..
United Kingdom	9.10	8.63 [l]	*95*	7.76	7.07	*91*	..	..
Yugoslavia	..	..	..	3.82 [o]	6.21	*163*	..	..

Sources and methods : See Appendix B.

NOTE.—Prices received by farmers have not been adjusted for costs of collection, storage, and delivery, nor for differences in quality from imported barley.

[a] For the exchange rate used for France, Spain, Turkey and Yugoslavia, see text and Appendix B.

[b] 1951/52 and 1952/53.

[c] 1951 and 1952.

[d] 1957 and 1958. Exports from Belgium in 1959 were negligible.

[e] 1958/59 and 1959/60.

[f] 1958 and 1959. Imports into France and exports from Turkey in 1957 were negligible.

[g] The price for feed barley was $8.41, and the corresponding percentage (column C) *105*.

[h] Percentage relates to an actual unit value for feed barley of $6.06.

[i] Not strictly comparable with 1956/57-1958/59.

[j] Notional unit values (see Appendix B).

[k] Relatively minor quantities are involved.

[l] 1950 and 1952 only (exports in 1951 were negligible).

[m] 1950/51 and 1951/52.

[n] 1959/60.

[o] Calendar years 1957 to 1959.

agreements, which may reflect the underlying demand/supply situation only after a long interval. For example, the United Kingdom imported Commonwealth sugar below the free price until about 1952; but since price trends in the two markets diverged it has been paying Commonwealth producers prices above the world level. Negotiated Commonwealth sugar prices have been on a gently rising trend since 1952 (reversed only in the last two years), whereas the trend of the free market (though disturbed by fears of shortages after the Korean and Suez emergencies) has been definitely downward.

If import unit values of sugar were taken, comparability over time and among countries would be seriously impaired, since variations, unlike those for other commodities, are governed less by quality differences or freight costs than by the varying proportions bought in the free and in the organized markets (and by the proportion of crude sugar to refined). The only practicable approach, therefore, is to take the price at which (cane) sugar could normally be imported into Europe in the absence of special trading arrangements.[18] It would seem that a price f.a.s. Cuba of about 3.25 US cents a pound (which is

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[18] A few countries (e.g. the United Kingdom, Belgium, Denmark, France and the Netherlands) also export sugar. However, these exports consist largely of sugar which has been refined from imported crude, as well as from domestic beet, thus invalidating any comparison of sugar export unit values with domestic farm prices.

TABLE 21

Sugar: farm prices of sugar-beet and foreign-trade unit values for sugar

A — Average price received by farmers for sugar-beet
B — Equivalent of A in terms of raw sugar
C — B plus $1.65 per quintal for cost of transforming beet into raw sugar
D — A standard import unit value of $10.50 per quintal for crude sugar in 1950/51-1952/53, and $8.20 in 1956/57-1958/59, as a percentage of C

Dollars per quintal, and percentages [a]

Country	1950/51 — 1952/53				1956/57 — 1958/59			
	A	B	C	D	A	B	C	D
Austria	1.55	9.10	10.75	*97*	1.41	8.30	9.95	*82*
Belgium	1.51	9.74	11.39	*92*	1.38	8.90	10.55	*78*
Denmark	1.12	6.59	8.24	*127*	1.27	7.47	9.12	*90*
Finland	2.62	17.45	19.10	*55*	3.13	20.84	22.49	*36*
France	1.35	7.95	9.55	*109*	1.28 [b]	7.54	9.19	*89*
Western Germany	1.37	8.56	10.21	*103*	1.63	10.20	11.85	*69*
Ireland	1.40	8.75	10.40	*116* [c]	1.84	11.52	13.17	*72* [c]
Italy	1.29	8.60	10.25	*102*	1.43	9.53	11.18	*73*
Netherlands	1.11	6.95	8.50	*143* [c]	1.26	7.87	9.52	*98* [c]
Spain	..	..	..	..	1.65 [b]	12.72	14.37	*57*
Sweden	1.35	7.94	9.59	*117* [c]	1.59	9.35	11.00	*78* [c]
Switzerland	1.65	10.31	11.96	*88*	1.78	11.12	12.77	*64*
Turkey	..	..	..	..	1.70 [d]	10.62	12.27	*67*
United Kingdom	1.59	10.60	12.25	*101* [c]	1.72	11.33	12.98	*72* [c]
Yugoslavia	..	..	..	..	0.68 [e]	4.25	5.90	*139*

Sources and methods : See Appendix B.

NOTE.—No adjustment has been made for the cost of transport of beet to refineries where not partly or fully included in the price received by farmers.

[a] For the exchange rate used for France, Spain, Turkey and Yugoslavia, see text and Appendix B.

[b] 1958/59 and 1959/60.

[c] After deduction (from A) of the approximate value of returned pulp (see text and Appendix B).

[d] 1959/60 only.

[e] Calendar years 1957 to 1959.

somewhat above the trough reached in the last two years, but typical of those immediately preceding the Suez crisis) is consistent both with medium-term conditions of supply and demand and with the long-run costs of higher output in the overseas exporting countries such as Cuba and the Dominican Republic. The range of 3.25-3.45 cents per pound is also that within which the current International Sugar Agreement permits price fluctuations without changes in basic export quotas. At current freight rates a price of 3.25 cents a pound corresponds to a c.i.f. price delivered London of about 3.75 cents;[19] this suggests that even an increase of freight rates from their present levels would only slightly affect the c.i.f. price, and that the additional costs of transport of sugar to destinations beyond the United Kingdom would also be small.

The greater fluctuations in 1950-1952 (mainly due to the impact of the Korean war) make it more difficult to assess a "normal" sugar price for that period. Supplies were then less plentiful, and in almost all years up to 1950 the Cuban free price was over 4 cents. An average of 4.25 cents has been taken (4.75 c.i.f. London),[20] which may be rather high; but a slightly lower price (even of 4 cents) would not materially affect the conclusions. At any rate, as shown below, the margin of protection in most western European countries was negligible or nil.

In Table 21, prices received by farmers for sugar-beet have been expressed in their equivalent per unit of sugar, based on the average sugar content of the beet; but prices of imported sugar include an element of processing costs (involved in producing raw sugar from cane), and the price (in sugar equivalent) received by western European farmers must therefore be increased by an amount corresponding to processing costs in western Europe, including the cost of transporting beet to the refinery. On the basis of import unit values for crude and refined sugar, and of other relevant data (for details see Appendix B), a flat amount has been added for both periods of 0.275 US cents per quintal of beet (1.65 dollars per quintal, or 0.75 cents per pound, of sugar). Actual costs undoubtedly vary from country to country, and may on average be slightly under-estimated, but any resultant error in comparing (adjusted) farm prices with corresponding import prices is small.[21] Moreover, it has not been possible to allow for costs of transport of beet to the refinery, and to that extent price comparisons are unduly favourable to western European producers.

A by-product of sugar-beet is the wet pulp that remains after sugar extraction, and which refineries can sell (often under contract with the individual farmer, or in the open market) for use as animal feed. Since no similar product accompanies already processed imported sugar, prices are comparable only if the value of this pulp is deducted from farm prices of beet. Information on this score is not available for all countries, but an attempt has been made to allow for returned pulp where it is known to be important (e.g. in Ireland, the Netherlands and the United Kingdom).[22]

Given the above reservations, Table 21 indicates that, since world prices were high, virtually no protection was accorded in the early fifties to producers in most western European countries (Finland was the only major exception); and that in some countries domestic prices were in fact below the world level. Even if the world price used is rather high, this conclusion scarcely needs modification. As a result of the subsequent sharp decline in world sugar prices, and a rise in domestic prices in several countries, there is now generally a wide difference between domestic and foreign prices, except in France and the Netherlands (allowing for the value of returned pulp in the latter). Although Denmark, too, still has a relatively small protective margin, its sugar-beet producers presently benefit from acreage restrictions on beet for the domestic market.[23] The margin for most other countries ranges from 20 to 40 per cent, with both western Germany and the United Kingdom near the middle of this range. In Spain the margin is among the widest in western Europe, and much wider than for cereals.

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[19] In fact only Belgium and the Netherlands had import unit values of sugar at about this price in 1957-1959.

[20] See also the observations made above (p. 18) on the impact of variations in freight rates on c.i.f. prices.

[21] Apart from the opposite extremes of Finland and Yugoslavia, the maximum error in arriving at adjusted sugar-beet prices is probably about 5 per cent in either direction.

[22] Pulp may represent as much as 15 per cent of the price of beet in countries where sugar is cultivated in the same areas as livestock is reared. For details of the adjustments and assumptions made, see Appendix B.

Live animals and meat

The principal meats considered are beef and veal, and pigmeat;[24] except for some reference to bacon (owing to its importance in the export or import trade of a few countries), the discussion is limited to fresh, frozen and chilled meat. A major problem is that "meat" is by no means a homogeneous product. Veal, for example, differs from beef in price or quality for equivalent cuts, but trade statistics do not distinguish the two; however, veal is in most countries relatively unimportant. A further distinction, unrecorded in the statistics, is the difference in price between hind and fore quarters. More generally, the quality of meat varies according to the average weight of livestock and the efficiency of breeding; and the qualities entering into foreign trade need not be representative of national production. The Netherlands, for example, imports a fairly average quality of beef, but exports only superior qualities; Switzerland and France primarily import high quality.

A rather more important difference in quality — and the principal reason for much lower import unit values into the United Kingdom than into most other countries — is that between freshly slaughtered and chilled (and particularly frozen) meat.[25] The United Kingdom imports most of its beef supplies from Australia, New Zealand and Argentina in chilled or frozen form, whereas continental countries trade mainly in fresh meat (though the proportion of chilled or frozen beef in the imports of western Germany and Italy — now respectively three-fourths and 40 per cent — is also large). In the British market, which is virtually free, consumer preference for fresh meat, rather than for chilled and frozen, produces, for beef, an average price difference of about 25 per cent. Hence, domestic producers enjoy a "natural" degree of protection against overseas competition, and prices for live animals can be correspondingly higher.

For comparison with unit values of imports or exports of meat, domestic prices received by farmers for their cattle or pigs must be expressed in terms of carcase weight. The application of a standard coefficient for this conversion may well introduce a margin of error.[26]

Allowance has also to be made for the cost of delivery of live cattle to the market and for the costs incurred in slaughter; for this purpose a standard addition of $5 per quintal carcase weight and $3 per quintal for live animals has been taken. Such costs generally represent less than 10 per cent of the average price received by the farmer, but vary both absolutely and relatively from country to country, reflecting on the whole differences in efficiency. They are, in relative terms, low in Denmark and the Netherlands and high in France and Belgium, for example. To that extent the margin between domestic and foreign prices is over-estimated in the former countries and under-estimated in the latter, but the resultant discrepancy is certainly small.[27] For all of the foregoing reasons, the results — even more than for other commodities — can be treated as only a rough indication of orders of magnitude.[28]

Beef and Veal

World prices for beef and veal, in contrast with those for most farm products, have been rising during the last decade. Between the two periods considered here, f.o.b. prices in both New Zealand and Australia (which in their trade with the United Kingdom set the world price) increased by one-third to one-half; the rise in farm prices in most western European countries was similar, but rather smaller in Belgium, the Netherlands and Ireland.[29] In the United Kingdom cattle prices,

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[23] Prices are also maintained in Denmark from a fund that was formerly financed from the proceeds of sugar exports at prices above the domestic level. Although French beet prices (in sugar equivalent) are fairly close to the world price of sugar, France subsidizes exports to its associated overseas areas. An export surplus arises partly from the governmental commitment to accept all beet which is diverted from alcohol distillation for sugar refining; part of this surplus may be exported to them, up to a maximum quota fixed by the International Sugar Agreement.

[24] Lamb and mutton are consumed on a large scale only in the United Kingdom and Ireland, and apart from France no other western European country is an important producer. Deficiency payments to British farmers for sheep averaged about 16 per cent of the value of output in 1956/57-1958/59, but were more than twice this proportion in 1959/60.

[25] A secondary reason is that, as with butter, the United Kingdom is the world's biggest importer of meat and has been able to obtain particularly keen prices under long-term agreements that have continued even after the end of bulk buying.

[26] For details, see Appendix B. Trade in live animals is also important for some countries. It accounts for more than one-fourth of western European exports of meat and live animals taken together (for details, see Annex II).

Tables 22 and 23 relate principally to unit values for meat and corresponding prices for animals in terms of carcase weight. Unit values per quintal for live animals can be derived from national statistics for Austria, Denmark, western Germany, Italy and Yugoslavia. For other countries — particularly Ireland — conversion from numbers by the application of an approximate and standard average weight per head in all years was considered to create too wide a margin of error.

[27] The error for any country is unlikely to exceed 2 per cent of the farm price.

[28] A final statistical reservation concerns comparisons of farm prices over time. The measurement of average prices for live animals presents rather more statistical problems than for most other commodities considered. Under FAO auspices the data provided by national administrations have constantly improved and greater international comparability has been achieved. For the period 1950/51-1952/53 prices published in earlier editions of the source used (see Appendix B) have not been revised, and in some cases important discrepancies with series subsequently published for later years are evident. Wherever such discrepancies exceed a margin of 10 per cent it has been considered preferable to abandon time comparisons. For some countries, where trade in beef is negligible, unit values based on the general run for other countries have been taken.

[29] The course of prices in Argentina, which re-emerged as the world's biggest exporter in 1955, is difficult to measure, because of rapid inflation and multiple exchange rates. For most of the period the farm sector was squeezed (and agriculture neglected) in the interests of industry, and herds were consequently run down; but in recent years an effort has been made to ensure regular export supplies of guaranteed quality.

The United Kingdom has undertaken to accept the exportable surpluses of Australia and New Zealand. New Zealand producers are guaranteed a minimum export price by their Government, while the United Kingdom Government makes payments to the Australian Government (for distribution to Australian farmers) if minimum prices in the free United Kingdom market are not realized. In the period of bulk buying the United Kingdom bought at prices, on an average, above the guaranteed

TABLE 22

Beef and veal: farm prices of cattle and foreign-trade unit values for beef and veal

A — Average prices received by farmers for beef cattle, excluding calves (carcase weight)
B — Adjusted farm price (A + $5 per quintal for costs of transport and slaughter [a])
C — Import or export unit value of beef and veal (fresh, chilled or frozen)
D — Unit value as percentage of adjusted farm price $\left(\frac{C}{B}\right)$

Dollars per quintal, and percentages [b]

Country		1950/51 — 1952/53				1956/57 — 1958/59			
		A	B	C	D	A	B	C	D
Importers									
Austria [c]	(i)	..	..	..	..	68.2	73.2	60.8	*83*
	(ii)	..	..	..		37.6	40.6	36.8	*91*
Belgium		78.8 [d]	83.8	64.5 [e]	*77*	76.0	81.0	62.8	*77*
Finland		66.2	71.2	47.7 [f]	*67*	..	64.9 [g]	61.6 [f]	*95*
France		..	..	..	..	71.0 [h]	76.0	84.7	*111*
Western Germany [c]	(i)	58.7	63.7	43.5	*68*	77.1	82.1	46.5	*57*
	(ii)	32.4	35.4	30.9	*87*	42.4	45.4	39.7	*87*
Greece		..	..	..	..	65.2	70.2	53.7	*76*
Italy [c]	(i)	..	..	..	..	94.6	99.6	60.9	*61*
	(ii)	..	..	..	..	52.1	55.1	45.2 [i]	*82*
Netherlands [j]		68.4 [k]	73.4	43.8	*60*	82.8	87.8	50.8	*58*
Norway		..	..	..	..	74.6	79.6	61.6 [f]	*77*
Portugal		..	52.3 [k l]	55.7 [m]	*106*	..	59.1 [l]	48.5	*82*
Sweden		56.0	61.0	47.7	*78*	82.0	87.0	61.6	*71*
Spain		..	..	..	..	55.5 [h]	60.5	53.1	*88*
Switzerland		..	..	..	..	90.0	95.0	123.1 [n]	*130*
United Kingdom		49.4	54.4	33.8	*62*	74.5 [*]	79.5	47.1	*59*
Exporters									
Austria [c]	(ii)	..	..	..	..	37.6	40.6	45.6	*112*
Belgium		78.8 [d]	83.8	79.2 [e]	*95*	76.0	81.0	64.5	*80*
Denmark [c]	(i)	48.2	53.1	53.4	*101*	60.1	65.1	70.1	*108*
	(ii)	26.5	29.5	34.1	*116*	33.1	36.1	37.5	*104*
France [o]		..	..	..	..	70.0 [h]	75.0	84.8	*113*
Ireland		53.1	58.1	58.0	*100*	62.1	67.1	73.8	*110*
Netherlands [j]		68.4 [k]	73.4	81.8	*111*	82.8	87.8	97.6	*111*
Yugoslavia [c]	(i)	..	..	..		28.3 [p]	33.3	60.5	*181*
	(ii)	..	..	..		15.6 [p]	18.6	39.4	*212*

Sources and methods : See Appendix B.

NOTE. — No adjustment has been made for differences in the average quality of meat from domestic livestock and from imports or exports.

[a] For live animals $3.

[b] For the exchange rate used for France, Spain and Yugoslavia, see text and Appendix B.

[c] (i) Producer prices of cattle (carcase weight) and unit values for beef.
(ii) Producer prices of cattle (live weight) and unit values for live cattle.

[d] 1951/52 only.

[e] 1952 only.

[f] Unit value for Sweden.

[g] 1957/58 to 1959/60.

[h] 1958/59 and 1959/60.

1957 and 1958.

[j] Price series not strictly comparable.

[k] 1950/51 and 1951/52.

[l] Original data are assumed to refer to carcase weight (see Appendix B).

[m] 1951 and 1952.

[n] All fresh meat other than pork and excluding frozen meat.

[o] Exports are mainly to associated overseas territories.

[p] Calendar years 1957 to 1959.

having risen from a relatively low level, are now nearer the prevailing level.[30] Ignoring extremes, there is now a difference of roughly 30 per cent between prices in Denmark and Ireland, which are low, and the countries with the highest prices (see Table 22).

If rough allowance is made for quality differences (in particular, the distinction between frozen, or chilled, and fresh meat), the margin between foreign-trade unit values and domestic prices apparently has not changed radically in most countries.[31] Only Denmark and Ireland, with relatively low cattle prices,[32] appear to have little or no protective margin. In other countries

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minimum; but in 1956/57 payments were made to both Australian and New Zealand producers. However, little or no payment has had to be made in more recent years, and, given demand trends, the firmer market may be expected to continue.

[30] The data for the United Kingdom in Table 22 on average prices received for cattle include both the subsidies paid in recent years for calves, and the hill cattle and cow subsidy, which together effectively raise farm prices by about 8 per cent. They do not include grants received for the eradication of bovine tuberculosis, equivalent to another 4 per cent (and a similar proportion in Ireland).

[31] See Appendix B for the allowances made for the quality composition of imports and exports in some other countries — in particular France, Switzerland, the Netherlands and Italy.

[32] Exports of carcase beef are only a small part of total Irish exports of beef, which take primarily the form of store cattle exported to Britain for fattening and for which British farmers are entitled to deficiency payments in the same way as for indigenous cattle. Danish exports of live cattle (which are as big as exports of beef) receive no such indirect subsidy. The margin of protection in Finland appears to be now very small.

TABLE 23

Pigs and pig-meat: farm prices of pigs and foreign-trade unit values for pig-meat

A — Average prices received by farmers for pigs (carcase weight)
B — Adjusted farm price (A plus $5 per quintal for costs of transport and slaughter) [a]
C — Import or export unit values of pork (fresh, chilled and frozen)
D — Exports: ratio of actual unit value to adjusted farm price
Imports: ratio of standard unit value ($58 per quintal in both periods) to adjusted farm price (actual unit value for live pigs and bacon)

Dollars per quintal, and percentages [b]

Country		1950/51 — 1952/53				1956/57 — 1958/59			
		A	B	C	D	A	B	C	D
Importers									
Austria [c]	(i)	72.9	77.9	66.9 [d]	74	63.0	68.0	34.0	85
	(ii)	58.4	61.4	49.6	81	50.5	53.5	41.0	77
Belgium		..	..	..	..	54.4	59.4	43.2	98
Finland		85.6	90.6	..	64	..	74.4 [e]	..	78
France		73.7	78.7	68.9	74	..	..	..	..
Western Germany [c]	(i)	69.1	74.1	54.2 [f]	78	68.8	73.8	51.3	79
	(ii)	55.3	58.3	43.8	75	55.2	58.2	45.2	78
Greece		67.9	72.9	..	80	54.0	59.0	..	98
Italy [c]	(i)	87.1	92.1	54.3	63	68.7	73.7	49.5	79
	(ii)	69.8	72.8	41.5	57	55.2	58.2	39.5	68
Norway		55.2	60.2	..	96	60.7	65.7	51.3	88
Spain		..	..	..	..	52.1 [g]	57.1	..	102
Portugal		57.4	62.4	..	93	59.1	64.1	..	90
Sweden		..	..	..	..	70.7	75.7	..	77
Switzerland		95.0	100.0	..	58	91.1	96.1	..	60
United Kingdom [h]	(i)	84.1	89.1	45.4	65	..	74.2	55.1	78
	(ii)	84.1	89.1	67.5	61	..	74.2	68.7	74
Exporters									
Denmark [h]	(i)	57.5	62.5	62.6	100	..	61.1	62.8	103
	(ii)	57.5	62.5	67.1	96	..	61.1	67.6	100
Ireland		..	..	..	..	..	84.8 [i]	77.3 [j]	91
Netherlands [h]	(i)	61.6	65.6	62.1	95	57.2	62.2	66.5	107
	(ii)	61.6	65.6	65.7	77	57.2	62.2	64.7	80
Sweden [h]	(i)	..	..	..	..	70.7	75.7	59.9	79
	(ii)	..	..	..	..	..	75.7	67.7	68
Yugoslavia [c]	(i)	..	..	..	..	33.2 [k]	38.2	57.7	151
	(ii)	..	..	..	..	26.6 [k]	29.6	41.3	140

Sources and methods : See Appendix B.

NOTE. — No adjustment has been made for differences in the average quality of meat from domestic livestock and from imports or exports.

[a] For live pigs: $3 per quintal.

[b] For the exchange rates used for Spain and Yugoslavia, see text and Appendix B.

[c] (i) Producer prices of pigs (carcase weight) and standard unit values of imports or actual unit values for exports of pork.
(ii) Producer prices of pigs (live weight) and actual unit values for live pigs.

[d] 1951 and 1952.

[e] 1957/58 to 1959/60.

[f] 1950 and 1952.

[g] 1958/59 and 1959/60.

[h] (i) Producer prices of pigs (carcase weight) and unit values for pork.
(ii) Producer prices of pigs (carcase weight) and unit values for bacon. (The percentage in column D allows for the cost of curing. See Appendix B.)

[i] The guaranteed minimum ex-factory price for best quality bacon. (See Appendix B.)

[j] Export unit value of bacon. Exports of bacon (and pork) in 1950-1952 and of pork in 1957-1959 were negligible.

[k] Calendar years 1957 to 1959.

the gap between cattle prices and corresponding prices of beef imports is typically some 20 to 30 per cent; even in Switzerland it probably does not exceed 40 per cent. Differences among countries are thus quite small, and little importance attaches to the relative positions of countries within this fairly narrow range (although it is notable that in the Netherlands the margin appears to be much greater than in either Denmark or Ireland).[33]

In the southern European countries, other than Italy, the margin is also relatively small.[34] As was observed above, livestock farming in general has been accorded a lower priority and demand for meat has inevitably been low. In contrast, Italian imports of beef and veal have risen sharply in recent years in response to stronger demand in the industrialized areas, and in spite of an effective tariff of about 20 per cent. Since 1959, however, minimum cattle prices have been enforced by import restrictions.

Pigs and Pig-meat

The general qualifications and statistical reservations made for beef and veal apply with equal, if not greater, force to pork and other pig-meat. Prices quoted in live weight for pigs have been converted into carcase weight by a standard coefficient (see Appendix B), although there are perceptible variations both over time and between countries. Moreover, owing to the susceptibility of pig production to fluctuations, prices tend to vary more from year to year than for other animals.

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[33] Imports of cattle for slaughter into the principal continental countries concerned (western Germany and Italy) are limited by physical obstacles such as transport over long distances; in addition, as Table 22 shows, their prices are less attractive in relation to domestic cattle prices than are imports of carcase meat. Thus, on grounds of both relative cheapness and availabilities, the margin between domestic cattle prices and that of alternative imports is more appropriately measured by reference to unit values for carcase meat.

[34] The low price for cattle in Portugal (and in Spain in post-devaluation terms) supports this statement.

The analysis is conducted primarily in terms of fresh pork, but pig-meat is traded mainly as bacon and ham. The United Kingdom is virtually the sole importer of bacon, mostly — among western European countries — from Denmark (from which pig-meat exports consist chiefly of bacon) and the Netherlands, and to a less extent Ireland and Sweden.[35] For these four countries margins for bacon have also been studied, bacon unit values being expressed in carcase equivalent.[36] In Austria, western Germany and Italy, imports of live pigs are also sizable, and the margin for them has been shown in Table 23.

A particular difficulty for pork is that unit values from national trade statistics show divergencies among countries that are difficult to explain simply by reference to differences in the quality of imported meat (which undoubtedly exist) or to freight costs — especially since in nearly all countries unit values of imports (c.i.f.) are lower than the unit values of exports (f.o.b.) of the two principal exporters, Denmark and the Netherlands.[37] Yet these two countries send by far the greater part of their exports to western European countries, and imports from outside western Europe are generally small.[38] Export unit values to overseas countries, particularly from Denmark, are higher than to western Europe; but even so, and for some countries in particular, no satisfactory explanation for the whole of the discrepancy between import and export unit values has been found. Consequently, given both the price dispersion in western European trade and that in some countries trade in pork is marginal or non-existent, so that no suitable unit value is at hand, selection of a single price for imports, based on the export prices of Denmark and the Netherlands, has been preferred. A price of $58 per quintal has been selected for both periods; this is somewhat below the average unit value for total exports from these two countries, and thus allows for the lower prices of exports to western European countries. This price may still be slightly too high; but no allowance is made for differences between f.o.b. and c.i.f. prices (which appear, however, to be small).

The selection of a single price for imports disposes of one set of price discrepancies.[39] There remain, however, price differences between imports and national production due to quality; it has been assumed that pork from domestic pigs is of the same quality as that provided by Denmark and the Netherlands. To judge by the bacon market in the United Kingdom, any price difference for quality is unlikely to exceed 10 per cent within western Europe (it is only about 5 per cent between Danish and British bacon). It is possibly greater in southern Europe.

Finally, for comparison with domestic prices, allowance must be made for costs involved in the transport and slaughter of pigs, which appear to vary less than for cattle, and have been roughly assessed at the same average (see Appendix B).[40]

In contrast with those of beef, world pig prices, as represented by Dutch and Danish exports (including bacon) changed little between the two periods. In some countries (notably Italy, the United Kingdom and Greece) average farm prices fell, with a consequent narrowing of protective margins; but by and large there appears to have been no radical change since the early fifties. As a rough generalization (not necessarily applicable to any one country) the margin for pig production is much the same as for eggs and barley.[41] It also seems that, although in general the margins for cattle for slaughter in western Europe are in a similar range as for pigs, pig production in several countries enjoys less protection than cattle, particularly in Belgium and the Netherlands, and also Norway.

Eggs

Although domestically produced eggs are usually considered to be fresher than the imported product, modern transport and rapid distribution by the main exporters have so reduced the difference in quality that in the London free market English and Danish eggs of comparable size have a less than 10 per cent differential. Eggs may therefore be regarded as a fairly homogeneous commodity.[42]

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[35] Bacon accounts for roughly 80 per cent of pig-meat production in Ireland, 50 per cent in the Netherlands and 40 per cent (formerly much more) in the United Kingdom. In Sweden the proportion is only about 2 per cent. Irish exports of bacon to the United Kingdom are exempt from the 10 per cent duty applicable to non-Commonwealth countries. (As can be seen from Table 23, Irish bacon export unit values are correspondingly higher).

[36] In the transition from prices of carcase pigs to prices of bacon, two factors have to be allowed for: loss of weight incurred in curing and the cost of curing; together, the two add about 25 to 30 per cent to the price of the pig carcase, but in Denmark the proportion appears to be only about 10 per cent (for details see Appendix B). There is no apparent explanation of this wide difference between Denmark and other countries, and it has therefore been accepted at its face value. Since pigs for pork and those for bacon differ only in weight and in the proportion of fat, the markets for the two products are necessarily interconnected, and *eo ipso* the margin between domestic and foreign prices (i.e. between porkers and pork and baconers and bacon) should not be very different. Only in the Netherlands, in fact, does Table 23 show any significant difference, which possibly arises from too great an allowance for conversion from pig carcase to bacon. Moreover, average prices per quintal received for bacon pigs may differ from the average for all pigs. Separate data are not normally available, and use of the average price may introduce an error probably not exceeding 5 per cent.

[37] An example of price differences that are probably due mainly to quality is imports into western Germany and Italy, which are cheaper than those into France and Belgium, possibly because the former are mainly for industrial processing.

[38] Western Europe's principal extra-European suppliers are Argentina, which provides most of the United Kingdom's imports, and eastern European countries, particularly for Austria, western Germany and Italy. But excepting the United Kingdom, such imports amount to a large part of the total only in Italy (about one-half in 1957-1959). Imports of live pigs are also quantitatively important in Austria and Italy as well as in western Germany. In the latter country and in contrast to cattle there is no difference between unit values of pork and live pigs and corresponding producer prices. In Italy, however, and to some extent in Austria, there appears to be a slight advantage in imports of live pigs, though it may well be offset by a difference in quality from domestic pigs.

[39] Export unit values have been accepted at their face value.

[40] The margin of error involved by applying a standard amount to all countries is the same as that for beef — i.e. about 2 per cent.

[41] The observation made below in the discussion on eggs concerning the effect of prices of protected coarse grain on those of eggs is equally relevant for pigs.

[42] Trade in eggs is mainly intra-European, including imports by western European countries from eastern Europe; the United Kingdom has also imported from Commonwealth countries, but the proportion of such imports in the total, and the difference in c.i.f. prices, has not been such as greatly to affect average unit values. For some countries, and in particular the United Kingdom and western Germany, trade in eggs not in shell (e.g. whole frozen eggs, egg powder, etc.) is also of some importance, and in such cases this trade has been eliminated in the calculation of unit values given in Table 24. Finally, for some countries trade in eggs is so marginal that typical import unit values based on other countries have had to be assumed. For details on the above points see Appendix B.

TABLE 24

Eggs: farm prices and foreign-trade unit values

A — Average price received by farmers from all sales
B — Adjusted farm price (A plus 10 per cent for costs of collection, packing, and delivery to wholesaler, etc.)
C — Import or export unit value
D — Unit value as percentage of adjusted farm price $\left(\frac{C}{B}\right)$

Dollars per quintal, and percentages [a]

Country	1950/51 — 1952/53				1956/57 — 1958/59			
	A	B	C	D	A	B	C	D
Importers								
Austria	..	..	..	..	57.7 [b]	63.5	60.4	*95*
Belgium	79.4	87.3	78.9	*90*	72.1	79.3	104.8	*132*
France	..	..	..	..	62.5 [c]	68.7	65.9	*96*
Western Germany	79.4	87.3	70.9	*81*	78.1	85.9	58.3	*68*
Greece	99.2	109.1	70.0 [d]	*64*	58.8	64.6	60.0 [d]	*93*
Italy	86.9	95.5	52.1	*55*	80.9	88.9	60.4	*68*
Norway	62.1	68.3	70.9 [e]	*104*	63.7	70.0	58.3 [e]	*83*
Portugal	..	..	..	..	35.2	38.7	72.5 [f]	*187*
Spain	..	..	..	..	75.0 [c]	82.5	72.5	*88*
Switzerland	117.3	129.0	67.7	*52*	98.7	108.7	56.3	*52*
United Kingdom	87.3	96.0	60.0	*62*	81.1	89.2	58.6	*66*
Exporters								
Belgium	79.4	87.3	76.0	*87*	72.1	79.3	56.5	*71*
Denmark [g]	51.3	56.4	58.7	*104*	51.1	56.2	57.6	*103*
Finland	82.6 [b]	90.8	67.9	*75*	70.9 [b h]	78.0	52.4 [i]	*67*
France	..	..	..	..	62.5 [c]	68.7	71.6	*104*
Ireland	66.3 [b]	72.9	63.1	*87*	60.5 [b]	66.5	55.6	*84*
Netherlands	62.4	68.6	74.9	*109*	55.1	60.6	60.2	*99*
Norway	62.1	68.3	62.6	*92*	63.7	70.0	57.8	*82*
Sweden	57.5	63.2	76.1	*120*	58.8	64.7	51.1	*79*
United Kingdom	..	..	..	..	81.1	89.2	62.3 [j]	*70*
Yugoslavia	..	..	..	..	29.2 [k]	32.0	50.5	*158*

Sources and methods: See Appendix B.

NOTE.—Prices received by farmers have not been adjusted for differences in quality from imported eggs.

[a] For the exchange rate used for France, Spain and Yugoslavia, see text and Appendix B.

[b] Price paid by wholesalers (for Finland, by the egg-collecting co-operatives).

[c] 1958/59 and 1959/60.

[d] Notional unit value. See Appendix B.

[e] Unit value for western Germany.

[f] Unit value for Spain.

[g] Farm prices for the two periods are not strictly comparable.

[h] 1957/58-1959/60.

[i] 1957, 1958 and January-September 1959.

[j] Quantities involved are negligible, except for 1957.

[k] Calendar years 1957 to 1959.

Producer prices for eggs vary (see Table 24).[43] Excluding some southern European countries, they are lowest in Denmark and the Netherlands, followed closely by Ireland and Austria. Switzerland is again at the other extreme; and the relatively high prices received by western German farmers are notable. Prices received by farmers in southern European countries (as reflected also in the relationship with import unit values) do not fall into a consistent pattern. On the one hand, Italy and Spain (even after allowance for devaluation) have relatively high prices, while in Greece and Portugal (as also Yugoslavia, at the new exchange rate) prices are well below, or near, those in Denmark and the Netherlands.[44] Export prices of eggs were either stable or fell slightly between 1950-1952 and 1957-1959. In Denmark, the Netherlands and Ireland producer prices fell correspondingly, as in several other countries — notably (after the 1953 devaluation) Greece and the United Kingdom. In western Germany, on the other hand, producer prices were virtually unchanged, and in Sweden they even rose somewhat, so that the competitive position of both weakened. Western Germany, the biggest importer of eggs since the United Kingdom became virtually self-sufficient following the boost of home output, has begun to subsidize domestic egg production directly, but imports have none the less continued to expand to meet rising internal demand.

In general, differences in producer prices correspond to differences in protective margins; they tend to be somewhat smaller, however, on account of the variations in import unit values, which are doubtless due to the importance of transport costs.[45] On the other hand, there have at times been sizable imports from eastern European countries into some countries

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[43] Prices for Finland and Ireland relate to sales to wholesalers only, and in so far as sales are also made directly to consumers, under-state the average price received by farmers.

[44] It should be borne in mind that in most southern European countries (Yugoslavia is a partial exception) egg consumption per head is low and that the proportion of total production marketed is small. As a result, prices received by farmers differ in significance from those in industrial western Europe.

[45] In 1950-1952 the United Kingdom, then a larger net importer, had particularly low import unit values.

— for example, western Germany in 1959 — and such (usually bilateral) trade may have taken place at special prices.[46]

In order to compare prices received by farmers with import or export unit values, an allowance for costs of collection, packing and grading must be added to the former. As with other commodities, these costs tend to be lower in countries such as Denmark and the Netherlands, where marketing for export is more specialized; hence the addition of a standard sum or percentage is not strictly valid. On the basis of available evidence (see Appendix B), these costs have been put at 10 per cent of the farm price, a percentage which is probably a minimum; in some countries it is probably nearer 15 per cent, which would slightly widen the gap between unit values and comparable domestic producer prices.

Allowance made for all the factors referred to above, it appears that in most countries the protective margin for western European egg producers is not markedly high. For the Netherlands, Denmark and Austria — and for France since the most recent devaluation — it is zero or negligible.[47] Nowhere, apparently, other than in Switzerland, does it exceed 30 to 35 per cent; but both the United Kingdom and western Germany approach this upper limit, as — it seems — do Sweden and Italy. For western Germany, as also perhaps for Norway and Sweden, this represents a significant rise over 1950/51-1952/53 in the margin between domestic and foreign prices.

In general, the degree of protection of eggs is of the same order of magnitude as for barley. This is not, perhaps, entirely a coincidence, since the price of feed grains is an important element in the costs of egg production — feed constituting 60 to 70 per cent of total current costs of egg production (including labour costs).[48] In fact, and to the extent that feeding costs are higher than in other countries because of the protection accorded domestic producers of coarse grains in any given country, the difference between domestic and international prices for eggs reflects protection of coarse grain producers rather than of egg producers.

Milk and milk products

National milk-marketing arrangements are varied and often very complex — partly because milk is consumed both directly as a liquid and indirectly as butter, cheese, condensed and powdered milk, cream, etc. Differences in the elasticity of demand for milk for direct consumption and for processing make profitable a separation of the two markets.[49] Thus, an increase in the supply of milk can be absorbed by the more elastic market for manufacture, and a more drastic fall in average producer prices for milk thereby prevented. Alternatively, such a fall can be avoided by restricting imports of milk products, such as butter, or by raising the selling price of milk for liquid consumption (without much effect on the volume of sales, owing to its price inelasticity). In either case average prices for farm milk can be supported without a cash subsidy.

Without dual pricing, and in the absence of an inexpensive means of transporting liquid milk over long distances without deterioration, the average price received by farmers would fall to a level at which returns from liquid consumption and from manufactures would be the same, which in practice would be set by the price of butter.[50] Without import restrictions the price of butter, and hence of milk, within each country, would be determined by the world price of butter, just as for the major exporters, in the absence of dual pricing or of export aids, the price received by farmers for milk is directly tied to the export price of butter.

Theoretically, a country could benefit from the " natural " protection that liquid milk enjoys, thanks to the impracticability of imports, without either restricting imports of other dairy produce or separating the domestic markets for liquid milk and milk for manufacture. This would imply that milk production did not exceed the quantity that could be absorbed (at the equilibrium price) for direct consumption in liquid form. In that case, prices received by farmers would be higher than the milk-equivalent price of imported dairy produce, without being sheltered from foreign competition. However, it is impossible to say just how much higher. At any rate, given the price inelasticity of liquid milk and disregarding annual fluctuations and seasonality in milk yields caused by weather, such limitation of output to the requirements of the domestic liquid market would require some form of market regulation. Otherwise, even a small surplus would cause a sharp fall in price, and for this reason several countries maintain a separate market for manufacture.

Butter

Since liquid milk cannot be transported over long distances, low-cost producers such as Denmark and New Zealand export most of their milk output as butter. In Table 25 the average farm milk price, expressed in terms of butter and allowing for costs of manufacture and for skimmed milk produced as a by-product (see below), has been compared not only with actual unit values of butter, but also with the price of New Zealand butter in the London free market.

Processing costs appear to be both relatively and absolutely somewhat lower in New Zealand than in western European countries — roughly \$11.5 per quintal of butter, against an average put at \$16 in western Europe. The value added by manufacture is, however, only some 10 per cent of the value of the milk before processing, so that the possible error involved in applying a standard cost for all western European countries scarcely affects the validity of the comparison.[51]

More important is the skim milk remaining after extraction of butter fat from the whole milk; for it has commercial value as livestock feed or for other uses (including the manufacture of cheese); the cost of butter is therefore a function of the price of milk to the dairy minus the income from the sale (often back to the farmer) of skim milk. When comparing the farm price with the price of imported butter, the average farm price of milk must first be reduced by the corresponding value of discarded skim milk. The relative value of skim milk to whole milk varies according to demand conditions in different countries and to such factors as the price of alternative feedingstuffs and the degree of integration of livestock breeding with dairy production; in countries such as Denmark and the Netherlands it can amount to as much as one-third of the price of whole milk. Rough adjustments have therefore been made for all countries to allow for the value of skim milk, details of which are given in Appendix B.[52]

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[46] Such imports, however, have never been more than 10 per cent of the total in western Germany. There is no apparent explanation of the high import unit values for Belgium, especially in 1957-1959, but the quantities involved are small, and the unit values are therefore regarded as untypical. Similarly, the low values for Greece, based on small quantities, are disregarded.

[47] For the countries of southern Europe, see above.

[48] See, for example, cost data given by W. D. Jones in " The Egg Situation ", *Agriculture*, October 1960. In EEC countries coarse grains make up roughly 80 per cent of the food of fowls (EEC, *Proposals for . . . the Common Agricultural Policy etc.*, *op. cit.*).

[49] The greater price sensitivity of demand for butter is, of course, partly due to competition from margarine.

[50] In the United Kingdom the price ratio in favour of liquid milk is about 2 : 1, and some three-fourths of total output used to go into liquid consumption. As output has risen this proportion has declined — as in several other countries — and is now only about two-thirds, although still highest by far in western Europe. In several countries milk for liquid consumption is only one-fifth or less of total output (particularly in major exporters of milk products, such as Denmark and New Zealand, where it is as little as one-tenth), so that the scope for raising farm receipts through dual pricing is in any case limited. In fact, Denmark and, to a less extent, New Zealand allow the price of milk to be determined by the export price obtainable for butter. (Denmark introduced a domestic floor price for butter in 1959, but the export price fell below this only for a few weeks.) For further details concerning national price and marketing policies, see FAO, *National Dairy Policies in Advanced Countries*, Rome 1960, and OEEC, *Problems in Dairy Policy* (Vol. 2 of the *Fourth Report on Agricultural Policies in Europe and North America*), Paris 1960.

[51] For processing costs in New Zealand and in European countries, see Appendix B. \$16 a quintal seems to be a minimum estimate for processing costs in western Europe; at the outside it might under-estimate the adjusted butter price for a given country by about 5 per cent.

With a few important exceptions, a comparison of farm milk prices, so adjusted, with the London price of New Zealand butter (Table 25) gives results for 1956/57-1958/59 broadly similar to those obtained from a comparison with actual import and export unit values of butter, although the former do not, of course, allow for differences in transport costs (the United Kingdom being most favoured vis-à-vis New Zealand in this respect). It must be emphasized that both calculations aim at only a rough assessment of the degree of protection for milk as a whole; in neither case are butter import prices compared with actual (wholesale) butter prices, since this would take account of only one of the factors affecting average milk prices — tariffs or other restrictions on imports of butter and other dairy produce — while ignoring another important form of protection — dual pricing.[53] For example, the United Kingdom has among the highest producer prices for milk in western Europe; but, since imports of milk products are almost unrestricted, the price of butter (and of milk sold for butter) is among the lowest.

The somewhat different results obtained from a comparison with a standard import price for western Europe are caused partly by different sources of imports and transport costs. The United Kingdom's major supplier is New Zealand, whereas imports of most other countries are predominantly from Denmark or the Netherlands. On the British free market Danish butter is roughly 10 per cent dearer than butter from New Zealand. Moreover, in both periods the United Kingdom import unit values have also been much lower than for most other countries because of its bargaining power as a large consumer and the smaller overheads of exporters.[54] (Even so, prior to the end of bulk buying in 1954, Britain's main suppliers were able to build up stabilization funds from the excess of their export over their guaranteed domestic price.) It is conceivable, therefore, that larger quantities of New Zealand or even Danish butter might not be available to continental countries on quite so favourable terms as to the United Kingdom. None the less, taking into account also the export unit values shown in Table 25, it appears that the substitution of the New Zealand butter price would widen the margin between the domestic milk price (in terms of butter) and actual import unit values of butter, principally in France, western Germany and Switzerland.

On balance, the apparent degree of protection and the level of farm prices seem to be quite closely correlated; in a number of countries — notably Finland, western Germany, the Netherlands, Norway and Sweden — this protection has increased significantly.[55] In western Germany import prices of butter hardly changed, but average milk prices received by farmers rose by some 30 per cent, whereas in the other four countries export surpluses of butter could be disposed of only at lower prices; in the Netherlands and Sweden, however, the main explanation has likewise been the sharp rise in farm prices (which in Finland was partly offset by devaluation). In most other countries the protective margin either declined slightly or was unchanged, and no country seems to have improved its competitive position.[56] Even in the early fifties western Europe was much less favourably placed for milk products than for other commodities, and apart from Denmark and the Netherlands, which were virtually free of protection, the margin of protection was not much under 20 per cent anywhere; in several cases it was as high as 30 to 40 per cent or even more. Indeed, western Europe generally benefited from the fact that the United Kingdom was during this period sustaining butter prices at a level apparently somewhat above production costs in supplying countries, and to that extent there was a correspondingly smaller need for protection of western European milk producers in general. Today, all western European and overseas producers are experiencing difficulties due to an increase in production of butter caused largely by support of milk prices. The export of resultant surpluses has forced even traditional exporters, such as Denmark and New Zealand, to take measures in defence of the farmer's milk price. At first losses could be financed from stabilization funds, but in both countries (and even earlier in Australia) these were almost exhausted after the butter market crisis of 1958. The rise in prices in 1959 seems to have been big enough to cover the costs of the low-cost producers; but while the conditions of 1958 may have been exceptional, similar surpluses could recur.[57] Although average unit values or prices for 1957-1959 are rather heavily weighted by the low prices of 1958, they may not therefore be so far removed from or unrepresentative of the "normal" price of butter in the years ahead; in that case the ratio of unit values to farm prices shown in Table 25 might be regarded as a fair measure of the degree of protection of milk production in

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[52] The margin of error involved in any country is unlikely to represent more than a negligible percentage of the milk price.

[53] A comparison based on a standard New Zealand price cannot be made for 1950-1952, since in that period butter was imported into the United Kingdom under official bulk buying schemes and resold by official agencies. Selling prices were in fact well below purchase prices.

[54] During 1957-1959 Danish export unit values of butter to the United Kingdom were some 15 per cent lower than the average to other destinations. Under contracts in 1950-1952 the difference was roughly 30 per cent.

It should also be noted that the export unit values of butter in the Netherlands and the import unit values for Belgium, shown in Table 25, exclude intra-Benelux trade, since Dutch exports to Belgium are subject to a variable levy compensating for the difference in butter prices in the two countries. (The difference in butter prices is greater than in average milk prices, reflecting the higher value of skim milk in the Netherlands. In accordance with the Benelux Agreement, the Netherlands has first call on Belgian imports of butter, which, however, have been considerably reduced in recent years as a result of higher Belgian output.) In 1958 Belgium even had an export surplus, and the import unit value for Belgium in 1957-1959 shown in Table 25 excludes that year, when butter prices dropped sharply. The export unit value shown is for 1958 only, and therefore is not comparable with the London butter price for the three years. French imports in 1957-1959 were negligible, except in 1959.

[55] Since the import unit value shown in Table 25 for Belgium is for 1957 and 1959 only and the export unit value is for 1958 only, neither represents fairly the normal relationship between Belgian and foreign prices. A representative ratio for the three-year period could be between the two extremes, or at about 50 per cent, as suggested by a comparison with New Zealand prices.

[56] The apparent improvement (based on actual import values) in Belgium is a statistical illusion (cf. footnote 54).

[57] Indeed, the wet summer of 1960 might well have seen a recurrence of such conditions, but for a number of special factors (for example, sales to eastern Germany) and for voluntary agreements to restrict exports to the British market. (See ECE/FAO, *Review of the Agricultural Situation in Europe at the end of 1960*, Geneva 1961.)

TABLE 25

Milk and milk products: farm prices of milk and foreign-trade unit values for butter and cheese

Dollars per quintal, and percentages

Country	BUTTER													CHEESE					
	1950/51 — 1952/53						1956/57 — 1958/59							1950/51 — 1952/53			1956/57 — 1958/59		
	Milk prices		Butter prices				Milk prices		Butter prices										
	Average price [a] received by farmers		In terms of [b] milk content		Import or export unit values	Unit value as percentage of butter price (5/4)	Average price [a] received by farmers		In terms of [b] milk content		Import or export unit values	Unit value as percentage of butter price		Price in terms of milk content [d]	Unit value of cheese imports or exports	Unit value as percentage of cheese price (15/14)	Price in terms of milk content [d]	Unit value of cheese imports or exports	Unit value as percentage of cheese price (18/17)
												(11/10)							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13) [c]	(14)	(15)	(16)	(17)	(18)	(19)
Importers																			
Austria	6.34 [e]	5.39	129	145	108 [f]	75	7.31 [e]	6.21	149	165	108 [f]	65	48	..	..	..	..	..	..
Belgium	6.20	4.84	136	152	99 [g]	65	6.17	4.81	135	151	114	75 [h]	53	77.0	66.3	86	76.7	68.8	90
Finland	8.58	7.29	146	162	111	68	..	..	..	..	..	..	..	..	..	..	..	..	..
France [i]	7.72	6.56	162	178	117	66	6.73 [j]	5.72	141	157	108	69	51	92.2 [j]	92.3	100	82.3	102.8	125
Western Germany	6.01	5.11	116	132	108	82	7.95	6.76	153	169	108	64	47	75.1	55.5	74	94.5	54.4	58
Ireland	6.45	6.45	152	168	103	61	5.22	5.22	123	139	84	60	58	79.5	72.6	91	67.2	91.6	136
Italy	7.78	6.61	159	175	94	54	7.48	6.36	153	169	76	45	47	92.8	91.4	98	89.8	84.1	94
Sweden	6.66	5.66	124	140	—	—	8.46	7.19	157	173	94	54	46	81.6	66.4	81	99.6	65.5	66
Switzerland	8.68	8.68	190	206	116	56	9.13	9.13	200	216	116	54	38	101.8	90.2	89	106.3	87.9	83
United Kingdom	9.02	7.67	174	190	84	44	9.30	7.91	180	196	77	39	41	105.2	56.8	54	108.0	62.8	58
Exporters																			
Belgium	6.20	4.84	136	152	—	—	6.17	4.81	135	151	50 [k]	33	53	77.0	101.9	132	76.7	87.6	114
Denmark	5.25	3.52	70	86	89	103	5.57	3.73	75	91	83	91	88	67.5	59.6	88	70.7	58.2	82
Finland	8.58	7.29	146	162	124	77	9.08 [l]	7.72	154	170	73 [m]	43	47	100.8	—	—	—	—	—
France [i]	7.72	6.56	162	178	150	84	6.73 [j]	5.72	141	157	103	66	51	92.2 [j]	89.8	97	82.3	100.0	122
Ireland	6.45	6.45	152	168	95	57	5.22	5.22	123	139	82	59	58	79.5	97.6	123	67.2	86.3	128
Italy	..	..	..	..	..	..	..	..	..	..	..	..	..	92.8	100.3	108	89.8	108.3	121
Netherlands	5.04	3.38	77	93	99 [n]	106	7.48	5.01	114	130	88 [n]	68	62	65.4	63.7	97	89.5	60.6	68
Norway	6.66	5.66	118	134	99	74	9.75	8.29	173	189	82	43	43	81.6	73.9	91	112.5	57.1	51
Sweden	6.66	5.66	124	140	107	76	8.46	7.19	157	173	86	50	46	81.6	60.7	74	99.6	52.4	53
Switzerland	..	..	..	..	..	..	..	..	..	..	..	..	..	101.8	126.6	124	106.3	114.2	107
United Kingdom	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	108.0	75.4	70

Sources and methods : See Appendix B.

NOTE: No adjustment has been made for differences in the quality of domestic butter and cheese and that of imports or exports — or for possible differences between actual unit values of imports and the " import supply price " (see text and Appendix B).

[a] Column (1) gives the average price received by farmers for all types of sale. Column (2) is net of a deduction for the value of skim milk arising from butter manufacture (see Appendix B). Similarly for columns (7) and (8).

[b] Column (3) gives the value of a quintal of butter in terms of the milk used in its manufacture [column (2) times a variable quantity based on the fat content of the milk — see Appendix B).] Column (4) includes a supplement of $16 per quintal for processing costs (including the cost of transport and delivery of milk to dairies). Similarly for columns (9) and (10).

[c] The price of New Zealand butter in London in 1957-1959 ($80 per quintal) as a percentage of column (10).

[d] The value of a quintal of cheese in terms of the milk used in its manufacture (10 quintals of milk per quintal of cheese), including a supplement of $15 per quintal of cheese for costs of processing. The milk used is valued at the average farm price (columns (1) and (7)).

[e] Price for milk delivered to dairies (including subsidy).

[f] Import unit value for western Germany.

[g] Unit value of butter exports of the Netherlands to countries other than Belgium. (Imports of Belgium from countries other than the Netherlands were negligible.)

[h] Unit value of butter imports from countries other than the Netherlands. (1957 and 1959 only; in 1958 Belgium had an export surplus.)

[i] For the exchange rate used for France, see text and Appendix B. France was a net importer of butter in the first period and a net exporter in the second. Exports in 1950-1952 were small and were essentially to French associated overseas territories. About one-half of the exports in 1957-1959 were also to these territories, and unit values for these exports were some 25 per cent higher than to other destinations.

[j] 1958/59 and 1959/60.

[k] 1958 only.

[l] 1957/58-1959/60.

[m] 1957, 1958 and January-September 1959.

[n] Unit value to destinations other than Belgium.

western European countries.[58] However, to judge from Table 25, export prices of butter in 1957-1959 were about 10 per cent below the import supply price, as determined by the price at which the lowest cost producers (e.g. Denmark) can supply the market without special assistance to domestic farmers or dairies. It may therefore be argued that, even though butter prices are more likely to fall than to rise in coming years, the true protective margin (at least for net importers, though not necessarily for those net exporters whose growing surpluses are largely the root of the difficulty) is correspondingly lower than that indicated in Table 25 and Charts 1 and 2. Even so, it remains generally rather wide.

Cheese

The above discussion has been confined to butter — the major imported dairy product that competes indirectly with domestic milk for manufacture and which thus tends to set the price for milk that would prevail in a free market. It is also the product that absorbs surplus milk output. To the extent that the milk markets for cheese, butter and other products are kept separate, total returns, and so average milk prices, will be higher, since otherwise there would be an inducement to supply milk to the more profitable cheese market until returns were equalized. Given some differentiation of this kind in some of the exporting countries also,[59] import unit values of cheese may be expected to be higher relative to equivalent domestic milk prices than those for butter. Table 25 for the most part confirms this; and prices of cheese imports are sometimes higher than corresponding domestic milk prices. (For details of conversion of milk prices into equivalent cheese prices, including allowance for processing margins, see Appendix B.) Such a comparison is obviously much more an over-simplification than for butter, since unit values are an average for all kinds of cheese, prices of which vary greatly in terms of milk equivalent, depending both on the fat content, etc. and differences in quality and taste. It is none the less remarkable that, with the apparent exceptions of France and Italy, the change in the competitive position for milk between the two periods is generally also reflected in the changed relationship of unit values for cheese to adjusted average farm milk prices.[60]

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[58] Surpluses of milk in the next few years are likely to be particularly serious in the EEC area; and in general the outlook in western Europe is for a further fall in prices if present trends of production and demand continue. (Cf. ECE/FAO, *European Agriculture in 1965*, Geneva 1960, pp. 67-74.)

[59] For example, New Zealand and the Netherlands. In Denmark, on the other hand, milk for butter and for cheese sells at the same price.

[60] Dutch export levies are not applied to cheese exports to Belgium, since Belgian cheese prices are supported domestically.

Annex II to Chapter III

WESTERN EUROPE'S TRADE IN AGRICULTURAL PRODUCTS: COMMODITY NOTES[1]

Cereals

Wheat production has expanded almost everywhere in western Europe and the degree of self-sufficiency has greatly increased — in the EEC as a whole from about 75 per cent in 1948-1952 to 90 per cent in recent years; the volume of net imports has steeply declined. In the Netherlands, however, and in the seven EFTA countries, the degree of self-sufficiency is much lower (owing to the United Kingdom's heavy dependence on imports) and has not changed. Southern Europe, too, where output has also risen, is now near self-sufficiency. Western Europe as a whole is still a net importer of wheat (though more than one-third of its imports are into the United Kingdom, and nearly one-fifth into western Germany), and draws its supplies mainly from North America. Part of these imports are of hard wheat (mostly from Canada), in which western Europe is likely to remain deficient, or of other types of wheat which mix well with indigenous varieties.

Western Europe's imports from eastern Europe constitute less than 10 per cent of its total imports from abroad. Such imports into EEC countries are normally very small and those into EFTA countries (by no means exclusively the United Kingdom) are about half as important as those from western Europe. The biggest regular east-west trade has consisted of Soviet exports to Yugoslavia and Finland (providing virtually all of Finland's imports); but imports into Yugoslavia will scarcely be necessary in future, given the striking increase in domestic output in recent years.

Intra-western European trade represents about 10 per cent of total gross imports, and comprises the traditional but growing export surpluses of France and the more recent surpluses in Italy, and to a less extent Sweden and (irregularly) Spain and Turkey. Western Germany and the United Kingdom are the principal markets for these surpluses, but their disposal has not, of course, been possible without subsidies or — as in Italy — barter deals or other special arrangements.

Intra-western European trade represents a larger share (about one-fourth) of total western European imports of *barley* than of wheat; but it consists preponderantly of exports of barley for brewing — all countries except Turkey and Yugoslavia are net importers of feed barley.[2] Exports from other countries, irregular and depending mainly on the vagaries of crops (for example, France had a surplus in 1957),[3] have to be disposed of at world prices; western Europe's exports to third countries are insignificant.

Despite higher domestic output, the degree of self-sufficiency in western Europe as a whole has not substantially changed, for demand has risen strongly; and in EEC countries other than France dependence on imports has increased. The volume of western European imports has consequently risen too. The degree of self-sufficiency within the EEC (75 to 80 per cent) is lower than for wheat, but this average conceals the contrast between almost total independence of imports in France and a high dependence in Benelux and Italy. Western Germany is in an intermediate position. Likewise, within the EFTA, Switzerland is at one extreme, with domestic output providing only one-fifth of consumption, and the other countries — except the United Kingdom — are virtually self-sufficient at the other. But the United Kingdom, by obtaining one-fourth of its supplies from imports, brings the average degree of self-sufficiency in EFTA countries down to about the same level as in the EEC.

Sixty per cent of western Europe's imports of barley from third countries come from North America; the rest comes from Argentina, Australia, and, to a less extent, Middle Eastern countries. Commonwealth countries are exempt from the 10 per cent duty levied on imports by the United Kingdom, which, in contrast with other countries, imports most of its barley not from the United States but from Canada. Western European imports from eastern Europe are relatively small and have consisted mainly of Soviet exports to western Germany, the Netherlands and Switzerland.

The southern European countries, Yugoslavia in particular, are the main producers of *maize*, although production in Italy and France is also sizable. Only Yugoslavia regularly has a surplus for export (since it became a net exporter three years ago); all other western European countries are net importers. Intra-western European trade therefore consists very largely of exports from Yugoslavia (whose exports to countries outside western Europe are only a small proportion of its total maize exports); smaller quantities are imported from eastern Europe — Bulgaria and Rumania — and the Soviet Union. However, the bulk of western Europe's imports comes from the United States and a large part from Latin America and Africa. Imports into the United Kingdom — by far the largest European importer — are equivalent to some three-fourths of total EEC imports; and, in contrast to the latter, come mainly from the United States, with relatively smaller imports from Latin America.

Sugar

In most western European countries, particularly in the EEC and Austria, self-sufficiency in sugar has increased markedly: apart from western Germany and the Netherlands, all EEC countries now have an export surplus. In the United Kingdom, however, which takes about one-half of western Europe's sugar imports, the degree of self-sufficiency is much lower and has fallen (although the protective margin is fairly high), so that production covers only one-fourth of consumption. Of other EFTA countries, Denmark has an export surplus.

The pattern of trade in sugar is governed far less by commercial considerations than is trade in most other commodities. Three-fifths of world trade is conducted within the framework of the International Sugar Agreement and other special arrangements; this affects the pattern of world trade and the prices at which it takes place. The Commonwealth Sugar Agreement determines prices and quantities of sugar imported into the United Kingdom from Commonwealth countries, which provide more than one-half of Britain's sugar imports; for several of these countries sugar exports are vital to the economy. The balance of British imports — principally from Cuba and the Dominican Republic — is bought at the (lower) world price. The United Kingdom imports mainly crude cane sugar, for refining along with domestic beet sugar; one-fifth to one-fourth (in terms of weight)[4] is re-exported, at world prices, as refined sugar — partly to other western European countries, but mostly to Africa and Asia, including Commonwealth countries.[5]

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[1] This summary is based on Tables 18, 26 and 27, as well as Appendix Tables II to X to which reference should be made for further details.

[2] Brewing barley is exported mainly from Denmark; Turkey exports both brewing and feed barley in good harvest years; and for both countries western Germany is the principal customer.

[3] France will probably have a regular export surplus in future, if production targets are fulfilled.

Similarly, the sugar trade of France reflects special arrangements with the countries of the French Community. Excepting France and the United Kingdom (and to a less extent Portugal, which imports predominantly from its overseas provinces in Africa), western Europe imports sugar almost exclusively from Latin American countries. France and the United Kingdom are the major exporters to countries outside western Europe, with smaller quantities exported from Belgium and the Netherlands. Danish exports are confined to a few western European countries.[6] In trade between western and eastern Europe, which is about as large as intra-western European trade, imports into Finland (largely from the Soviet Union) and Yugoslavia (from other eastern European countries) preponderate.

Eggs

Output of eggs has risen steeply in all western European countries in the last ten years, and the area as a whole is almost self-sufficient. The most important change since 1948-1952 has been the attainment of virtual self-sufficiency in the United Kingdom, which formerly imported one-fifth of its requirements. Currently, western Germany is the only large-scale importer, even though domestic producers enjoy a degree of protection of the same order as those in the United Kingdom; fast-rising consumption has necessitated, as in Italy, a continued high level of (liberalized) imports, which constitute some 40 per cent of total consumption.

Trade in eggs is very largely intra-west-European: exports to third countries are negligible; imports from overseas countries of eggs and egg products, including frozen eggs, represent one-seventh of total western European imports and come mainly from Australia, mainland China and other countries in Asia and Africa (into the United Kingdom, western Germany, Italy and France). Imports from eastern Europe are principally from Poland and Bulgaria into western Germany and Italy, but represent respectively only one-tenth and one-fifth of their total egg imports.

The largest exporter is still the Netherlands, whose exports are twice as great as those of the next largest — Denmark. About three-fourths of both countries' total exports go to western Germany, which also (with Italy) absorbs most of the much smaller exports from Belgium, Sweden, Finland and Yugoslavia.

Milk and Milk Products

The support generally accorded milk producers has limited imports of *butter* and has led to an increase in self-sufficiency — for example in Belgium and Switzerland. In western Germany imports have remained marginal, despite a large rise in consumption. Some countries, such as Austria, Norway, Sweden, Finland and Ireland, of which the last two have a high per capita butter consumption, have either become net exporters or greatly increased their export surplus, competing with such traditional exporters as New Zealand, Australia, Denmark and the Netherlands, As a result, output in the Netherlands and Denmark has changed little since 1948-1952, and exports have declined. The United Kingdom, too, is now more self-sufficient, though production still satisfies only a small part of total consumption. Since British imports are virtually unrestricted, other countries seek an outlet for both regular and occasional surpluses in this, the only accessible major market. Fluctuations in market conditions — to which butter has always been susceptible owing to seasonal and annual variations in output — are aggravated by this concentration of supplies on the British market and chronic uncertainty concerning export prospects to others.

Denmark and the Netherlands remain western Europe's principal exporters, respectively providing about 50 per cent and 20 per cent of western European butter imports from within the area, as against 25 per cent from Austria, Finland, Norway, Sweden and Ireland together. The United Kingdom is the principal importer (accounting for about 85 per cent of gross butter imports into western Europe); the only other importers of any importance are western Germany and Italy. The United Kingdom obtains about one-half of its total butter imports from Australia and New Zealand, and one-fourth from Denmark; the remainder comes from the Netherlands, Ireland and smaller net exporters in western Europe.[7] Imports from beyond western Europe into other countries are small.

Thanks to its proximity and accessibility, the United Kingdom is an easier export market for European producers than are overseas countries. Moreover, exports to non-European destinations such as North America are hindered by support policies and trade restrictions. Yet one-tenth of Danish butter exports go to non-western European countries and French exports (mainly to its associated overseas territories) are about the same absolute size.

Cheese is traded only among the relatively high-income countries. In southern Europe such trade is negligible although imports into Greece have been rising rapidly; nor is there any trade between western and eastern Europe, apart from Finnish exports — mainly to eastern Germany.

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[4] Ten units of crude sugar are roughly equivalent to 9 units of refined in terms of weight, but the difference in value is at least 20 per cent. Western Europe's share in world trade in sugar is thus greater in value than in volume, since intra-trade and other exports are mainly of refined sugar.

[5] The difference between export prices and prices paid for imports and for sugar from domestic beet is financed from a levy on all sugar entering the United Kingdom market.

[6] See the commodity note on sugar in Annex I to this chapter. These exports have been declining, and may eventually cease when refinery concessions come up shortly for renewal.

[7] Imports from eastern Europe (mainly Poland and Hungary) are growing; and small quantities are bought from overseas suppliers other than Australia and New Zealand (for example, Argentina).

Notes to Table 26

Sources : See Appendix B.

[a] The total for " Other countries " is a residual after deduction of " Western Europe " from " World "; it includes, therefore, imports not specified by origin. Consequently, the sum of the percentages for " Other countries " is not always 100.

[b] Yugoslavia is the sole exporter of this group of countries.

[c] Fresh, chilled and frozen. Exports of live cattle (shown in italics) are also included.

[d] 1958-1959.

[e] Percentage related to total exports to western Europe.

[f] Fresh, chilled and frozen pork, plus bacon and ham. Exports of live pigs (shown in italics) are also included.

[g] Associated territories of EEC countries; other associated areas are included in the residual.

TABLE 26. — Exports of selected agricultural commodities from western Europe, 1957-1959, by destination

Percentages and millions of dollars f.o.b. (annual averages)

Commodity	Area of destination → Exporting countries ↓	World	of which: Western Europe	Western Europe	of which: EEC	of which: EFTA	Other countries	Eastern Europe	of which: Soviet Union	North America	Latin America	Assoc. terr. of western Europe	Other countries in Africa	Other countries in Asia	Oceani
		Million dollars	Percentages	Million dollars	Percentages		Million dollars	Percentages [a]							
WHEAT	EEC	105.6	69	72.8	50	46	32.8	4	—	—	2	36	47	8	—
	of which: France	62.0	77	47.9	54	46	14.1	2	—	—	6	81	2	8	—
	Italy	37.2	50	18.5	32	53	18.7	6	—	1	—	2	82	8	—
	EFTA	10.0	100	10.0	72	25	0.0	—	—	—	—	—	—	—	—
	of which: Sweden	9.7	100	9.7	74	24	0.0	—	—	—	—	—	—	—	—
	Other western Europe	16.8	57	9.5	73	24	7.3	13	3	—	—	20	9	57	—
	Total western Europe	132.4	70	92.4	55	41	40.0	6	—	—	2	32	40	17	—
BARLEY	EEC	41.7	89	37.0	67	29	4.7	80	—	—	—	3	—	10	—
	EFTA	27.2	92	25.0	82	14	2.2	78	57	6	5	—	1	9	—
	of which: Denmark	16.8	88	14.7	85	11	2.0	78	63	5	5	—	2	10	—
	United Kingdom	9.0	100	8.9	77	20	0.0	—	—	58	—	—	—	—	—
	Other western Europe	7.8	90	7.0	81	19	0.8	76	—	—	—	5	—	18	—
	Total western Europe	76.7	90	69.0	74	22	7.7	79	17	2	1	2	—	10	—
MAIZE	EEC	3.4	96	3.2	32	56	0.1	63	—	—	—	22	—	—	—
	EFTA	0.4	83	0.3	81	3	0.1	90	—	—	—	—	—	—	—
	Other western Europe[b]	17.1	85	14.4	47	51	2.6	90	8	—	—	6	2	2	—
	Total western Europe	20.8	86	17.9	45	51	2.8	89	7	—	—	6	2	2	—
SUGAR	EEC	132.7	26	34.1	38	51	98.6	7	3	3	—	61	21	8	—
	of which: Belgium	15.1	32	4.8	46	38	10.3	—	—	—	—	15	43	41	1
	France	84.2	13	10.9	27	73	73.3	—	—	2	—	78	20	—	—
	Italy	20.5	55	11.2	54	22	9.3	69	32	1	—	14	6	9	—
	EFTA	88.2	33	28.9	30	63	59.3	11	11	1	—	13	28	46	1
	of which: United Kingdom	79.5	26	20.3	30	61	59.2	11	11	1	—	13	28	46	1
	Other western Europe	6.6	31	2.0	25	51	4.6	32	—	—	—	12	12	40	—
	Total western Europe	227.5	29	65.1	34	56	162.4	9	6	2	—	42	23	23	—
EGGS	EEC	112.7	99	111.3	95	3	1.4	1	—	2	2	68	7	9	—
	of which: Netherlands	101.9	99	101.2	96	3	0.6	—	—	3	4	55	13	21	—
	EFTA	67.9	87	59.2	87	12	8.7	11	—	66	10	9	1	3	—
	of which: Denmark	60.8	87	52.8	87	12	8.0	9	—	71	11	4	1	3	—
	Other western Europe	9.7	97	9.5	92	7	0.2	—	—	—	—	9	—	87	—
	Total western Europe	190.3	95	180.0	92	6	10.3	9	—	55	9	17	2	5	—
BUTTER	EEC	49.4	77	37.9	58	42	11.5	1	—	3	1	79	11	3	—
	of which: Netherlands	36.4	89	32.5	56	44	3.9	1	—	2	2	75	12	5	—
	EFTA	121.7	90	109.4	21	79	12.3	38	19	9	5	22	15	10	—
	of which: Denmark	96.8	91	87.8	14	86	9.0	35	22	12	7	16	16	13	—
	Other western Europe	25.3	85	21.6	6	94	3.7	83	69	—	—	12	—	5	—
	Total western Europe	196.5	86	168.8	27	73	27.7	29	18	5	3	44	11	7	—
CHEESE	EEC	117.1	60	70.3	77	22	46.8	—	—	34	8	45	7	3	1
	of which: Netherlands	58.3	84	49.3	83	16	9.0	1	—	24	26	29	7	13	—
	Italy	24.0	40	9.6	45	51	14.4	—	—	80	8	5	2	2	2
	EFTA	85.1	76	64.4	79	20	20.7	8	—	61	10	12	3	3	3
	of which: Denmark	41.7	79	33.0	72	27	8.7	15	—	45	19	9	6	3	2
	Switzerland	30.7	70	21.5	93	7	9.2	1	—	88	3	5	1	1	1
	Other western Europe	11.4	61	6.9	65	23	4.5	48	—	18	—	15	14	3	—
	Total western Europe	213.6	66	141.6	78	21	72.0	5	—	41	8	32	6	3	1
BEEF AND VEAL[c,d]	EEC	73.8	83	60.9	80	15	12.9	3	..	—	1	81[g]	—	15	—
		20.3	*73*	*14.9*	*81*	*5*	*5.4*	2[e]							
	of which: Netherlands	33.1	95	31.3	75	19	1.8	18	..	—	—	13[g]	—	69	—
		8.6	*87*	*7.5*	*72*	*3*	*1.1*	—							
	Denmark	111.1	94	104.9	89	8	6.2	60	..	14	—	3[g]	—	23	—
		64.2	*96*	*61.5*	*97*	*1*	*2.7*	4[e]							
	Ireland	119.8	87	104.2	7	92	15.6	—	..	95	—	—[g]	—	5	—
		95.0	*100*	*95.0*	*3*	*97*	—	—							
PIG-MEAT[d,f]	EEC	18.4	88	16.2	89	9	2.1	1	..	—	—	73[g]	—	26	—
		6.2	*98*	*6.1*	*93*	*2*	*0.1*								
	of which: Netherlands	10.1	87	8.7	81	15	1.4	—	..	—	—	63[g]	—	37	—
		1.6	*100*	*1.6*	*81*	—	—								
	Denmark	189.0	97	182.5	12	88	6.5	29	..	27	12	1[g]	—	30	—
		13.5	*100*	*13.5*	*100*	—	—								
	Ireland	19.4	99	19.2	—	100	0.2	—	..	47	—	—[g]	—	53	—
POULTRY[d]	EEC	32.9	87	28.6	81	19	4.2	—	..	—	—	91[g]	—	9	—
	of which: Netherlands	27.7	99	27.3	83	17	0.4	—	..	—	—	47[g]	—	53	—
	Denmark	15.9	94	14.9	77	23	1.0	10	..	9	—	5[g]	—	76	—
TOBACCO	EEC	22.9	71	16.3	62	38	6.6	3	—	73	—	11	11	1	—
	EFTA	0.9	89	0.8	100	—	0.1	—	—	90	—	—	—	—	—
	Other western Europe	208.3	37	76.9	81	14	131.4	39	7	55	—	—	4	2	—
	of which: Greece	82.0	57	47.0	84	12	35.0	29	13	63	—	1	5	2	—
	Turkey	104.8	23	23.6	73	19	81.2	40	4	56	—	—	2	2	—
	Total western Europe	234.4	40	94.1	78	18	140.3	36	6	55	—	1	4	2	—
COTTON	EEC	20.8	88	18.4	50	47	2.4	16	—	46	1	20	6	8	—
	EFTA	6.2	75	4.6	65	23	1.6	15	—	68	—	3	2	8	1
	Other western Europe	61.4	81	49.9	76	14	11.5	55	7	1	6	—	—	38	—
	of which: Greece	21.5	64	13.7	68	4	7.8	58	11	—	8	—	—	33	—
	Turkey	39.9	91	36.2	79	18	3.7	49	—	1	—	—	—	50	—
	Total western Europe	88.4	82	72.9	68	23	15.5	45	5	14	4	4	1	31	—

TABLE 27. — Imports of selected agricultural commodities into western Europe, 1957-1959, by origin

Percentages and millions of dollars c.i.f. (annual averages)

Commodity	Importing countries ↓ / Area of origin →	World	of which: Western Europe	Western Europe	of which: EEC	of which: EFTA	Other countries	of which: Eastern Europe	of which: Soviet Union	North America	Latin America	Assoc. terr. of western Europe	Other countries in Africa	Other countries in Asia	Oceania
		Million dollars	Percentages	Million dollars	Percentages		Million dollars	Percentages [a]							
WHEAT	EEC	331.7	16	51.9	71	15	279.8	5	5	68	13	1	8	3	2
	of which : Western Germany	179.1	21	38.2	69	18	140.9	2	1	78	15	—	—	1	4
	EFTA	415.3	11	44.8	86	6	370.5	6	5	74	11	—	—	—	9
	of which : United Kingdom	323.1	10	32.1	89	2	291.0	2	2	76	11	—	—	—	11
	Other western Europe	141.2	3	4.2	93	7	137.0	21	21	74	2	—	—	—	3
	Total western Europe	888.2	11	100.9	79	11	787.3	8	8	72	10	—	3	1	6
BARLEY	EEC	165.0	32	53.2	52	37	111.8	10	7	42	19	4	4	7	13
	of which : Western Germany	84.4	36	30.4	38	47	54.0	10	7	35	28	1	1	3	22
	EFTA	108.7	19	20.5	66	30	88.2	4	2	81	2	1	1	4	7
	of which : Denmark	19.1	36	6.8	65	35	12.3	2	2	65	3	4	4	15	7
	United Kingdom	66.6	10	6.7	92	3	59.8	—	—	89	1	—	—	3	7
	Other western Europe	8.7	14	1.2	74	26	7.5	4	2	91	—	—	1	4	—
	Total western Europe	282.4	27	74.9	56	35	207.5	7	5	61	11	3	2	6	10
MAIZE	EEC	192.9	4	8.0	20	2	184.9	2	1	37	38	2	19	2	—
	of which : Western Germany	49.7	7	3.3	9	3	46.4	4	2	32	23	4	37	—	—
	Netherlands	55.7	2	1.2	80	—	54.5	1	—	55	34	2	8	—	—
	Italy	42.4	4	1.5	11	3	40.9	2	1	9	64	2	23	—	—
	EFTA	179.9	8	14.3	50	1	165.6	4	1	74	9	2	11	—	—
	of which : United Kingdom	139.8	8	11.2	60	—	128.6	1	—	77	7	1	14	—	—
	Other western Europe	13.7	5	0.7	34	6	13.0	9	8	98	2	—	1	—	—
	Total western Europe	386.6	6	23.0	39	2	363.5	3	1	56	23	2	15	1	—
SUGAR	EEC	150.4	13	20.1	60	38	130.3	2	—	1	53	43	—	1	—
	of which : Western Germany	35.2	27	9.4	79	21	25.8	2	—	—	97	1	—	—	—
	France	75.9	3	1.9	60	25	74.0	2	—	—	22	75	—	1	—
	EFTA	384.5	10	37.1	46	50	347.4	4	—	2	32	45	5	—	12
	of which : United Kingdom	315.5	1	4.2	62	6	311.3	1	—	2	33	46	5	—	13
	Other western Europe	56.8	10	5.8	47	46	51.0	49	18	1	47	—	1	2	—
	Total western Europe	591.8	11	63.1	51	46	528.7	8	2	1	39	40	3	1	8
EGGS	EEC	204.2	80	162.8	65	30	41.3	47	—	4	8	—	11	27	3
	of which : Western Germany	156.6	84	131.2	64	33	25.4	48	—	5	8	—	5	30	4
	EFTA	28.4	40	11.4	31	62	17.0	15	—	4	1	—	9	42	29
	of which : Switzerland	5.1	91	4.7	39	58	0.4	—	—	100	—	—	—	—	—
	Other western Europe	3.5	63	2.2	88	8	1.3	16	—	48	2	—	—	32	—
	Total western Europe	236.1	75	176.5	63	32	59.6	37	—	5	7	—	10	31	10
BUTTER	EEC	52.7	82	43.4	48	49	9.3	22	1	5	9	—	1	—	63
	of which : Western Germany	27.8	85	23.7	37	58	4.1	31	—	3	—	—	1	—	65
	EFTA	313.4	40	124.9	13	71	188.5	5	—	2	4	1	—	—	88
	of which : United Kingdom	309.2	39	120.9	13	71	188.3	5	—	2	4	1	—	—	88
	Other western Europe	0.6	48	0.3	84	15	0.3	23	—	77	—	—	—	—	—
	Total western Europe	366.7	46	168.5	22	65	198.2	6	—	3	4	1	—	—	86
CHEESE	EEC	111.4	98	109.2	50	47	2.2	30	—	18	5	—	7	1	37
	of which : Belgium	24.4	97	23.8	78	17	0.6	32	—	43	16	—	—	—	6
	Western Germany	50.3	97	49.0	50	48	1.3	30	—	9	—	—	—	—	60
	Italy	22.8	100	22.7	24	72	0.0	36	—	—	—	—	—	22	16
	EFTA	92.5	33	30.3	52	44	62.2	—	—	9	—	—	1	—	89
	of which : United Kingdom	81.2	24	19.2	45	53	62.0	—	—	9	—	—	1	—	90
	Other western Europe	9.0	22	2.0	42	18	7.0	9	—	89	—	—	—	—	—
	Total western Europe	212.9	66	141.5	51	45	71.4	2	—	17	—	—	1	—	79
BEEF AND VEAL [b, c]	EEC	248.2	74	184.2	25	66	64.0	29	..	1	64	2 [e]	—	—	—
		130.6	*86*	*112.9*	*11*	*77*	*17.7*	15 [d]							
	of which : Western Germany	100.9	76	76.4	7	86	24.4	43	..	—	56	— [e]	—	1	—
		82.2	*87*	*71.7*	*3*	*90*	*10.5*	*15* [d]							
	Italy	101.1	66	66.7	17	70	34.4	19	..	—	59	— [e]	—	5	—
		35.6	*82*	*29.3*	*27*	*52*	*6.3*	*22* [d]							
	United Kingdom	287.6	33	95.0	4	—	192.6	—	..	—	59	— [e]	—	39	—
		91.8	*100*	*91.6*	—	—	*0.2*	—							
PIG-MEAT [c, f]	EEC	78.2	68	53.1	40	57	25.1	68	..	5	26	— [e]	—	1	—
		41.1	*65*	*26.7*	*21*	*77*	*14.4*	*54* [d]							
	of which : Western Germany	47.4	74	35.2	42	57	12.2	95	..	4	1	— [e]	—	1	—
		35.7	*68*	*24.2*	*17*	*82*	*11.5*	*48* [d]							
	Italy	19.8	56	11.1	28	58	8.7	26	..	—	72	— [e]	—	2	—
		4.6	*52*	*2.4*	*50*	*25*	*2.2*	*92* [d]							
	United Kingdom	254.1	83	210.3	7	84	43.8	74	..	—	6	— [e]	—	20	—
		—	—	—	—	—	—	—							
POULTRY [c]	EEC	61.2	60	36.6	63	30	24.6	62	..	32	5	— [e]	—	1	—
	of which : Western Germany	55.2	61	33.9	66	31	21.3	59	..	36	5	— [e]	—	—	—
TOBACCO	EEC	211.2	31	65.3	13	—	145.8	5	1	49	12	14	—	19	—
	of which : Western Germany	103.3	33	33.9	9	—	69.4	4	1	67	10	4	—	15	—
	EFTA	313.8	8	26.7	51	2	287.1	—	—	65	2	22	—	10	—
	of which : United Kingdom	236.6	3	6.5	76	—	230.1	—	—	63	—	26	—	10	—
	Other western Europe	34.7	11	3.9	—	—	30.8	1	—	61	23	2	—	13	—
	Total western Europe	559.7	17	95.9	23	1	463.8	2	—	60	7	18	—	13	—
COTTON	EEC	677.9	9	59.4	23	7	618.5	3	3	42	20	14	11	9	—
	of which : France	210.7	9	18.1	9	3	192.6	3	3	27	14	24	13	19	—
	Western Germany	227.2	6	13.6	15	16	213.6	4	4	41	26	12	11	5	—
	Italy	122.2	13	15.7	9	1	106.5	2	2	60	14	2	16	6	—
	EFTA	344.3	5	18.6	49	11	325.6	3	3	45	18	14	13	7	—
	of which : United Kingdom	231.7	6	14.1	45	7	217.6	3	2	47	16	10	15	9	—
	Other western Europe	104.1	4	4.6	17	19	99.5	9	9	67	6	—	16	2	—
	Total western Europe	1 126.2	7	82.9	29	9	1 043.3	3	3	45	19	13	12	8	—

Most of western Europe's trade in cheese is conducted within the region itself. Imports from overseas, constituting one-third of the total, are principally from New Zealand to the United Kingdom, and represent about three-fourths of the latter's total cheese imports. About one-third of gross exports of cheese from western Europe goes to third countries — mostly to the United States — and consists mainly of special Italian, Danish, and Swiss varieties. France, whose sales to western European countries are comparatively small, sends large exports to the countries of the French Community.

Trade turnover in western Europe is high, since several countries both export national produce and import foreign specialities. Thus, both the United Kingdom and, to a less extent, western Germany, which are the largest net importers of cheese, also export some (the United Kingdom mainly to the United States). Italian trade in both directions is roughly equivalent, and Belgium is a net importer (mainly from the Netherlands). The Netherlands (the largest exporter after Denmark, and followed by Switzerland) supplies more than one-fourth of western Europe's total gross exports; in common with Finland, it has virtually no imports of cheese.

Meat

Including intra-trade, western Europe's imports of all kinds of carcase meat consist of three groups: fresh, chilled and frozen (rather more than one-half of total gross imports of meat); dried, salted, smoked or cooked (about one-fifth of the total); and canned and other meat preparations (about one-fourth). National trade statistics do not distinguish between cattle or pig-meat in this last group,[8] and no analysis similar to that which follows for the other two groups is possible.

The United Kingdom is by far the largest importer of canned and other meat preparations (70 per cent of total gross OEEC imports),[9] followed by western Germany (15 per cent). About one-half of British imports are from western Europe (principally Denmark and the Netherlands, but in recent years from Yugoslavia too) and the rest from Latin America, Oceania (mainly Australia) and eastern Europe (mainly Poland). Various meat preparations are important exports from Denmark and the Netherlands, each accounting for one-third of total OEEC exports of such meat; more than one-third of the exports from these two countries is sent to countries outside western Europe, in particular to the United States. France exports smaller, but fairly large quantities (of which under one-half to its associated overseas territories). Ireland exports to the United Kingdom, and western Germany to the United Kingdom and the United States.

Trade in live animals constitutes a fourth group. Imports of live animals into OEEC countries as a whole represent about one-fifth of the value of imports of the three groups of meat and meat products taken together, and are very important in the United Kingdom, western Germany and Italy (as are exports for Denmark and Ireland).[10]

An analysis of Europe's trade in carcase meat has to treat the United Kingdom separately from other countries, since general statements relating to western Europe as a whole are (for imports) in a sense invalidated by the preponderance of the United Kingdom.[11] Thus, if the United Kingdom is excluded, a

Imports of meat and meat products into the United Kingdom and western Europe in 1957-1959

Average annual value (c.i.f.), and percentages

Commodity and country	*Total imports* Million dollars	*of which: from western Europe* Percentage	*Share of each group in total meat imports*
Meat, fresh, chilled or frozen (SITC Group 011)			
United Kingdom	444.3	6	51
Other western Europe . . .	278.3	56	75
Total western Europe . .	722.6	26	58
Meat, dried, salted, smoked or cooked (SITC Group 012)			
United Kingdom	238.6	85	27
Other western Europe . . .	9.6	33	3
Total western Europe . .	248.2	83	20
Canned meat and meat preparations (SITC Group 013)			
United Kingdom	195.0	40	22
Other western Europe . . .	84.9	41	22
Total western Europe . .	279.9	40	22
Total meat (SITC Groups 011, 012 and 013)			
United Kingdom	877.9	35	100
Other western Europe . . .	372.8	52	100
Total western Europe . .	1 250.7	40	100

Source : OEEC, *Statistical Bulletins — Foreign Trade*, Series IV.

NOTE. — Western Europe excludes Finland, Spain, Switzerland and Yugoslavia throughout.

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[8] The contents of this group are very mixed; the principal items included are corned and other canned beef, canned ham and other canned pig-meat products, meat juices, sausages, etc.

[9] About one-half of these imports into the United Kingdom consists of canned beef.

[10] For cattle exports, the principal trade is from Ireland to the United Kingdom (for fattening or slaughter), and from Denmark to western Germany. Live cattle accounts for about 85 per cent of the value of total Irish exports of cattle and beef combined, and for about one-half in Denmark. In western Germany well over one-half of total imports of cattle and beef, and in the United Kingdom slightly under one-third, consists of live cattle. Another major importing country is Italy, where the corresponding proportion of total beef and cattle imports is one-third. Danish exports of live pigs are much less important than those of cattle; but they account for about three-fourths of western German imports of pigs and pig-meat. Irish trade in live pigs is negligible and exports (as in Denmark) are mainly of bacon. Live pigs constitute 95 per cent and 25 per cent respectively of pig and pig-meat imports in Austria and Italy and, unlike cattle, are more of eastern than of western European provenance.

[11] The United Kingdom still satisfies about 57 per cent of its beef and veal consumption, one-third of its mutton and lamb, and about 60 per cent of its pig-meat (mainly bacon) from imports.

Notes to Table 27

Sources: See Appendix B.

[a] The total for "Other countries" is a residual after deduction of "Western Europe" from "World"; it includes, therefore, imports not specified by origin. Consequently, the sum of the percentages for "Other countries" is not always 100.

[b] Fresh, chilled and frozen. Imports of live cattle (shown in italics) are also included.

[c] 1958-1959.

[d] Percentage related to total imports from western Europe.

[e] Associated territories of EEC countries; other associated areas are included in the residual.

[f] Fresh, chilled and frozen pork, plus bacon and ham. Imports of live pigs (shown in italics) are also included.

greater proportion of imports into western Europe consists of fresh, chilled and frozen meat, since British imports of bacon make up most of western European trade in dried, salted or smoked meat.[12] British imports, moreover, are to a much greater extent, from overseas; whereas imports into other countries — with the partial exceptions of western Germany and Italy — are from western Europe (mainly Denmark and the Netherlands). The United Kingdom depends more on overseas sources of supply for chilled and frozen beef and mutton than for pig-meat and poultry; and this dependence has varied from year to year according to availabilities from South America and Oceania.

Continental western Europe, and in particular the EEC, is largely self-sufficient in *beef and veal.* (Within the EEC, the Netherlands is a net exporter; and western Germany and Italy — in that order and with a widening deficit — the leading importers, of both meat and live cattle.) Despite rising output, the EEC import deficit (nearly 10 per cent of total consumption) has widened, for consumption has risen faster still. It has been covered mainly by imports from Denmark, western Europe's largest exporter, and to a less extent from overseas countries such as Argentina. Italy takes more than one-half of all Danish exports of fresh beef and veal, and western Germany takes the bulk of the hardly less important Danish exports of live cattle. Intra-EEC trade represents only about one-third of total EEC imports of beef and live cattle, and consists mainly of Dutch and French exports to western Germany. Apart from some imports from Ireland (which exports mainly to the United Kingdom), there are no other important channels of trade in beef or cattle in continental western Europe; other countries are either virtually self-sufficient or trade in relatively small quantities. Exports from Denmark to non-EEC countries (principally Sweden) are of secondary importance.

British imports from the continent are negligible, but 70 per cent of the total value of imports of beef and veal (including live cattle) consists of store and fat cattle from Ireland. The bulk of British imports of carcase beef are from Argentina (mainly chilled beef) and Australia and New Zealand (mainly frozen).

Trade in *pork and other pig-meat* is of a quite different character from that in beef and veal. In the first place, self-sufficiency in pork is even greater, so that imports into almost all countries are negligible. Even the United Kingdom meets all but a small proportion (about 5 per cent) of its fresh pork consumption from domestic output, and its imports are smaller than those of western Germany and Italy (if imports of live pigs into these two countries are included). However, the United Kingdom relies on imports for about 60 per cent of its supplies of bacon, and is virtually the only market in Europe for this product. Second, such trade as does take place — principally British imports of bacon — is to a much greater extent intra-European (including trade between eastern and western Europe). Denmark is clearly the largest European exporter of pig-meat, providing one-fourth of EEC imports; eastern European countries (principally Poland for bacon and Hungary for live pigs) provide almost the same proportion.

Britain is heavily dependent on Denmark as a source of supply, from which it obtains some two-thirds of its bacon imports — and about one-seventh from the Netherlands and Poland respectively. Ireland is the only other supplier of any importance (there are smaller imports from Sweden), but its exports have fluctuated widely; in 1957-1959 they were somewhat higher than in previous years, whereas exports from the Netherlands have declined. Exports from all three countries have been unable to compete in either quality or price with Danish bacon, and have been subsidized; in the Netherlands and Sweden a much greater proportion of output is exported than in Ireland.

Industrial Crops

Tobacco is grown in few western European countries. Belgium, western Germany, Spain and Yugoslavia are small producers, but only in Italy, Greece and Turkey, and to a less extent in France, is it cultivated in quantity. Consequently, protection for domestic producers is generally irrelevant. But imports are subject to traditionally high revenue taxes levied on tobacco; they are also influenced by taste. With the principal exceptions o Greece and Turkey, where exports are still of key importance for both employment and the balance of payments,[13] most western European countries are net importers of tobacco, the United Kingdom and western Germany jointly accounting for nearly two-thirds of total gross imports. About four-fifths of total western European imports are from third countries, of which three-fifths from the United States; but the pattern of imports differs from one country to another. Partly this reflects a greater preference for oriental tobacco in some countries, such as western Germany, while in others, such as the United Kingdom, the Virginian types have the lion's share of the market; and partly it reflects preferential systems of trading, such as the small Commonwealth preference, or the French state monopoly, which takes about one-third of total imports from Algeria and countries of the French Community. The EEC countries as a group have a wide range of non-European suppliers, the United States providing only about one-half of such imports.

The major inter-country difference in the provenance of imports consists in the proportion of each country's total that comes from Greece and Turkey, and to a less extent from Yugoslavia and Bulgaria. On account of Greek and Turkish exports (the former mainly to western Germany), intra-western European trade provides about one-sixth of total imports, and the Common Market absorbs by far the largest part; Italy imports almost exclusively from these countries, and France and western Germany about one-third of their total tobacco imports. Turkey's exports to the United States and eastern Europe are about three times as large, and Greek exports only half as large, as their respective exports to western Europe.

Trade in *cotton* has many features in common with trade in tobacco. There are three principal western European producers — Turkey, Greece and Spain — in all of which production has expanded since the early fifties; but only Turkey and Greece are net exporters. Intra-western-European trade consists mostly of imports from these two countries (and of re-exports); imports from overseas are distributed widely — the geographical pattern depending, as it does for tobacco, on both quality and trading ties between metropolitan countries and their associated territories. The United Kingdom, western Germany and France are the three major importers, followed by Italy. Raw cotton imports into the United Kingdom are not as large as might be expected, because its cotton textile industry is based on imported yarn and cloth to a much greater extent than in the other three countries. The EEC is a highly important market, absorbing nearly two-thirds of western Europe's imports from third countries. Western Europe's trade with eastern Europe (mainly imports from the Soviet Union into western Germany, the United Kingdom and Finland) represents only 3 per cent of its trade with all third countries. Both the EEC and the United Kingdom import less than half of their cotton from the United States; imports from Latin America are second in size to those from the United States in all seven countries. This is also true of most other western

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[12] A further, but related, distinction between British imports of meat and those of most other countries is the high ratio of chilled and frozen meat to fresh meat. Imports into western Germany and Italy also have a relatively high content of chilled and frozen meat, but more of it is used for industrial processing than in the United Kingdom (see also the commodity note on live animals and meat in Annex I to this chapter).

[13] Tobacco exports in both countries are 30-40 per cent of total exports.

European countries, though Portugal obtains its cotton mainly from its overseas provinces, and Finland more than one-half from the Soviet Union.

Exports of cotton from Greece and Turkey go mainly to other western European countries (eastern Europe, including the Soviet Union, is itself a net exporter with increasing supplies of cotton). Their major European markets are in the EEC, and particularly Italy, western Germany and France, which absorb two-thirds of Greek and three-fourths of Turkish exports to western Europe; the United Kingdom accounts for a further 2 per cent and 14 per cent respectively. Cotton earns about one-tenth of total export revenue in both Greece and Turkey.

CHAPTER IV

SOME PROBLEMS OF AGRICULTURAL DEVELOPMENT: EASTERN EUROPE AND THE SOVIET UNION

INTRODUCTION

The problems for state policy in the eastern European countries and the Soviet Union today are in many respects closer to those of the southern European countries than to those of the industrialized north-west, both discussed in the preceding chapter. The scope for technical advance in the farm sector and for qualitative improvement of consumption standards is everywhere considerable and the prospect of " surpluses " of farm output remote. But the farm labour situation differs greatly among this group of countries — from relative shortage in eastern Germany and Czechoslovakia to excess, involving very considerable under-employment, which is probably most acute in Bulgaria and Albania and to which the main relief must come from industrialization. Moreover, the problems of farm policy in these countries have some aspects not present in the other two groups. At the end of the last war, uneconomically small farms and excessively fragmented holdings constituted an obstacle to the development of an efficient agriculture in all the countries of eastern Europe — as in many of those in the south and west. The development of some form of agricultural co-operation and/or the spread of medium- to large-scale private farms was thus essential. But the second possibility was ruled out by the political principles of the governments that came to power and, in fact, collective and state farming on the Soviet model was everywhere adopted as the ultimate goal of institutional policy — to be pursued, in the event, by means that at times actually hindered progress towards the common economic objective of higher production.

It is not the intention, in this chapter, to trace the whole postwar history of agricultural development in eastern Europe and the Soviet Union — in its institutional and its economic aspects — or to discuss in detail the merits of all the policies pursued. The priority attached to collectivization in the various eastern European countries at different times is, for example, here accepted as a datum, and considered only as a factor tending to affect the range of possible choice — and the effectiveness — of measures used to

TABLE 1

Share of agriculture in national income at constant prices (A) and at current prices (B), and in total working population (C) in eastern European countries and the Soviet Union

Percentages

Country	Pre-war [a]		1950			1954			1958			1959		
	B	C	A	B	C	A	B	C	A	B	C	A	B	C
Bulgaria	43	83	37	..	79	22	..	72	22 *	35	..	..	..	..
Czechoslovakia	..	38	19	16	37	12	12	32	10	14	29	8	13	27
Eastern Germany	..	20	..	15	24	..	12	21	..	13	..	..	12	..
Hungary	35	50	24	..	52	28	28	44	26	32	42	25 [b]	27	38
Poland	41	64	..	29	53	..	25	..	25	25	..	22	23	..
Rumania	40 [c]	81	28	28	74	22	37	70	16	35	70	19	38	69
Soviet Union	..	50	..	..	..	..	..	..	..	..	..	..	21	39

Sources : Statistical yearbooks; *Economic Survey of Europe in 1957*, Chapter VII, Table VII.E; *Economic Survey of Europe in 1948*, p. 230; *Economic Bulletin for Europe*, Vol. 9, No. 3, p. 22; Hungarian censuses, and direct communication from the Bulgarian Government.

NOTE. — Data for the share of agriculture in national income are based on values at prices of the following years: 1939 Bulgaria; 1955 Czechoslovakia; 1949 for 1950 data and 1954 for 1954, 1958 and 1959 data in Hungary; 1958 Poland, and 1950 Rumania. In Bulgaria, eastern Germany, Hungary and Rumania, agricultural output under columns A and B includes forestry; and in Poland forestry is included under B pre-war and in 1950. Important differences of definition preclude inter-country comparisons of shares in the working population.

[a] Pre-war figures refer to 1939 in Bulgaria, and 1938 in Hungary, Poland and Rumania for the share of agriculture in national income; to 1934 in Bulgaria, 1930 in Czechoslovakia, 1939 in eastern Germany and the Soviet Union, 1941 in Hungary and 1931 in Poland and Rumania for the share of agriculture in total working population. In all countries pre-war boundaries.

[b] Derived from share in 1954 and volume index 1954-1958.

[c] At constant prices.

encourage the growth of output and efficiency. Moreover, attention is concentrated particularly on the policies pursued to this latter end in the period since 1953, and on their results.[1]

In earlier years, plans had regularly called for a rapid growth of agricultural output; but investment and other non-labour inputs remained generally very small, compared with the immense efforts devoted to expanding industrial capacities. At the same time, the intensity of the investment drive in all countries implied a restraint of overall personal consumption which virtually precluded the offering of significant incentives, in the form of higher real incomes, to the farm population. Thus any examination of the methods and impact of policies to raise agricultural output may reasonably be directed mainly to the years since 1953 when, in all countries, development priorities began effectively to change in the direction of greater attention to investment, price incentives, etc. to stimulate agricultural production, and to secure an acceleration of its rate of growth both absolutely and relatively to that in other sectors.

The importance of the agricultural sector in the countries of the region is indicated by the figures in Table 1.

1. THE MAIN GOALS AND PHASES OF AGRICULTURAL POLICY

(a) The Soviet Union

The major transformation of the farm structure — from individual to collective or state farming — had been completed in the Soviet Union by the late thirties. Between 1929 and 1936 the share of collective and state farms in the total sown area of the country rose from 5 per cent to about 90 per cent; and state machine-and-tractor stations (MTS), and the compulsory delivery system, were introduced in 1932/33. On entering collective farms, peasants tended to slaughter a large proportion of the animals they could not retain in their private ownership, and livestock numbers fell; so that at the beginning of 1934 the numbers of cattle and pigs were little more than one-half, and of sheep little more than one-third, of the pre-collectivization level. But still only about one-third of these cattle, 40 per cent of all pigs and 45 per cent of the sheep were in state or collective ownership.[2]

The subsequent slow recovery was interrupted by the war. The heavy losses of livestock and reductions of the cultivated area that ensued were made good by the early fifties; but gross agricultural output[3] still barely reached the level at which it had stood in the late twenties, and output of animal products alone fell short of that level:

	Percentage changes in the volume of gross output	
	1927-1929 to 1937-1939 pre-war territory	1940 to 1950-1952 postwar territory
All production . . .	+2	−3
Animal production .	−13	+9

Source : Selskoe khozyaistvo SSSR, 1960, p. 79.

Production of some food crops — potatoes, vegetables, sugar-beet and sunflower seed (as well as of cotton) — had been considerably expanded, though per capita consumption was still relatively low in the early fifties; but it is clear, since imports of major foodstuffs were negligible, that per capita supplies of cereals and meat were lower than in 1927-1929 and, for meat, even lower than before the first world war. Grain output during 1949-1953, within the present national boundaries, was only 12 per cent higher than in 1909-1913 (when, however, Russia was a large grain exporter); output of meat was higher by 2 per cent and of milk by 24 per cent.[4]

By 1953, it was officially acknowledged that a very real threat to further rapid economic expansion lay in the widening gap between the rising demand for farm produce — implied by the need to raise the living standards of the steadily growing urban population — and the virtually stagnating agricultural output, both of food and of raw materials for the light industries.[5] The change in policy towards agriculture initiated in the second half of the year has involved a diversity of measures, operated with varying intensity in several subsequent phases: changes in the institutional frame-

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[1] For an account of developments in earlier years, see *European Agriculture, A Statement of Problems*, ECE/FAO, Geneva 1954, and contemporary SURVEYS and *Bulletins*.

[2] *Selskoe khozyaistvo SSSR*, 1960, pp. 263 and 265.

[3] Gross agricultural output as measured in all the countries covered by this chapter represents final commodity output as defined in Chapter III with the addition of output for stock (or reduced by drawings on stock — e.g. changes in weight and numbers of livestock, in plantations, etc.) and without elimination of double counting of home-produced fodder (as part of plant production and again as part of animal production) and seed. The possible significance of this latter difference is illustrated by the following index numbers of agricultural output in Poland (1949 = 100):

	1955	*1956*	*1957*	*1958*	*1959*
Gross output (eastern European concept)	113.0	121.4	126.4	130.2	128.9
Gross output (double counting of fodder and seed eliminated) .	120.7	125.5	131.8	138.1	135.5

[4] *Ibid.*, pp. 26, 27 and 31.

[5] See, in particular, Mr. Malenkov's speech of 8 August 1953 and Mr. N. Khrushchev's speech to the September 1953 Plenum of the Communist Party Central Committee (*Pravda*, 15 September 1953). In the Soviet Union — unlike other countries in eastern or western Europe — domestic agriculture is the source not only of nearly all food supplies but also of the bulk of the raw materials for the textiles, clothing and footwear industries (see also section 4 below).

work, in the pattern of planning and management (tending to lessen the scope of central planning and detailed control), endeavours to give more weight to economic criteria in determining the location of output, increased investment and other inputs (including the supply of technicians and specialists), changes in the procurement and price system and other measures to improve incentives. Essential features of policy during the years since 1953 have thus been the allocation of a larger share of national resources to agricultural development, in the form first of direct and indirect investment (the latter in, for example, capacity for production of fertilizers, pesticides, agricultural equipment, etc., in technical training facilities and in economic and social infrastructure in the virgin lands) and, secondly, of some change in the distribution of personal incomes in favour of the farm population. The emphasis has changed from time to time, and the transformation of Soviet agriculture which has been brought about since 1953 is clearly not yet completed, either in its institutional or in its other aspects.

From mid-1953 to the end of 1956 the direct shift of resources into agricultural development took the form of rapidly rising state investment,[6] improvements in management and in advisory services — through the release of specialists from administrative work and some transfer of technicians from industry to agriculture — and a significant increase in incentives in the form of higher state purchase prices for farm produce. About one-third of state investment in agriculture was channelled into the new lands in the East. A campaign for ploughing up some 12 million hectares of virgin and long-fallow land in two years was launched early in 1954; the sights were subsequently raised on several occasions, and by the spring of 1956 the total of new land brought under the plough had added more than one-fifth to the 1953 sown area, or 36 million hectares — 22 million in collective farms and 14 million in state farms.[7]

During 1957 the continuing rise in state investment in agriculture reflected not only the continuing investment needs linked with the ploughing of new land in the East during 1954-1956, but also a large-scale transformation of collective into state farms. The total sown area of the latter (including subsidiary farms of state enterprises) rose by 19 million hectares while that of collective farms declined by 20 million, or 13 per cent, the change of status apparently affecting mainly the less efficient and poorer collectives.[8]

In the following year, attention was concentrated on the MTS and the collective farms, with the object of strengthening rather than transforming the latter. Ever since 1953, the MTS had been subject to recurrent and sharp criticism for inefficient utilization of machinery, for waste of spare parts and fuels and for high costs. In 1956 a start had been made on their transformation into autonomous enterprises run on a commercial basis;[9] but in 1958 it was decided that they should be abolished — except for some which were reorganized into repair-technical stations (RTS) — and their equipment sold to the collective farms, while their workers became full members of the collective farms on which they had previously worked for the MTS.[10]

Even though the weaker farms were permitted to pay over a period of up to five years for the equipment thus acquired, the financial burden of buying and operating this machinery was such as would have strained the resources even of the richer farms, and which the monetary counterpart of the former deliveries in kind to the MTS could only partially alleviate.[11] The further reform of the price and procurement system in 1958[12] therefore served mainly to provide the additional collective farm income needed to finance the take-over of the MTS equipment and work rather than — as in the case of the price increases during 1953-1956 — to raise personal incomes and incentives.

This policy of consolidating collective farms, and of stabilizing state investment in agriculture, was reflected in the Seven-year Plan for 1959-1965, published at the end of 1958, in experience during 1959 and in the Plan for 1960; but in the first half of 1960 collective farms have again been transformed into state farms, on a scale sufficient to raise the labour force in the latter from 4.9 million to 6.6 million, and state investment in agriculture rose by some 20 per cent.[13] At the end of the 1960 spring sowing campaign the sown area of state farms was 13 million hectares, or 24 per cent, greater than a year earlier, whereas that of collective farms had fallen by an estimated 6 million hectares, or 5 per cent. The sown area of state farms (excluding subsidiary farms of state enterprises) thus reached 67 million hectares or — for the first time — more than half that of the collective farms. Plan data for 1961, and other indicators, suggest that no further large-scale transformation of collective into state farms has since occurred or is envisaged for 1961, but that state investment in agriculture will nevertheless continue to increase substantially (see section 5).

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[6] The rise of state investment is an indication of a genuine transfer of resources from other sectors towards agriculture, since collective farm investment represented — and still represents — mainly saving within the collective farm sector. In any case, long-term state credit to collective farms, which is included in collective farm investment and probably represented some 10-12 per cent (net) of the total during 1951-1953, appears to have risen by some 60-80 per cent above the 1951-1953 level in 1954-1956 and then to have remained virtually stable, or fallen slightly, during 1957-1959.

[7] For further details see the *Economic Bulletin for Europe*, Vol. 6, No. 1, pp. 20-21; the SURVEY for 1954, pp. 72-76; and the SURVEY for 1955, p. 169.

[8] See *Selskoe khozyaistvo*, 27 March 1957; and the *Bulletin*, Vol. 9, No. 1, p. 40.

[9] Hitherto they had been financed through the state budget and had operated on the basis of centrally determined plans (see the SURVEY for 1955, p. 194).

[10] See the *Bulletin*, Vol. 10, No. 1, p. 35.

[11] MTS expenses had been recouped only in small part from the deliveries in kind of collective farms, the greater part of their income being provided from state subsidies.

[12] See the *Bulletin*, Vol. 10, No. 2, pp. 15-18, and the SURVEY for 1958, Chapter I, pp. 17-20.

[13] See the *Bulletin*, Vol. 12, No. 3, pp. 39-40.

Amalgamations of both state and collective farms have also been encouraged at various times. Between 1948 and 1953 the average size of collective farm rose from 453 hectares of sown land to 1,407 hectares; and by 1959 it had reached 2,316 hectares, thus approaching the 2,500-3,000 hectares of arable land considered to be the optimum.[13a] The average size of state farms has likewise risen, from 2,600 hectares in 1948 to about 8,500 hectares ten years later, largely reflecting the huge size of many farms set up in the virgin lands as well as the transfers of land from collective farming already mentioned.

Policies towards private plots of farmers and urban workers (which produced an estimated one-third of gross agricultural output at the beginning of the fifties) have also fluctuated. Private farming was encouraged in 1953 — and up to about the end of 1955 — by the reduction of compulsory deliveries from private plots, the lowering of the agricultural income tax to less than half its former level and other measures. But in March 1956, a decree intended to check the expansion of private farming recommended *inter alia* that the size of the private holding be related to the labour contribution of the household to communal tasks.[14] At the beginning of 1958, private holdings were released from obligatory deliveries, but during the Central Committee Plenum on agriculture of December 1958 it was suggested that state and collective farms buy animals owned by farm members. Since 1 October 1959, urban workers and employees in the RSFSR (and probably also in other republics) have been forbidden to keep any productive or working livestock (see also section 5).[15]

(b) Eastern Europe

The Spread of Co-operative and State Farming

A picture, in broad outline, of the gradual transfer of the greater part of the agricultural land of eastern Europe into state or co-operative ownership and exploitation during the postwar period is presented in Table 2. Large-scale private farming, unimportant in Bulgaria, was elsewhere eliminated at an early stage by land reforms which resulted in the redistribution of 35-40 per cent of the agricultural area, mainly to individual peasant families though some state farms were also set up.[16] Collectivization campaigns started in most countries during 1948/49 (earlier in Bulgaria and later in eastern Germany), and by the end of 1952 or mid-1953 state or co-operative farms held over half the cultivable area in Bulgaria (60 per cent including the private plots of farm households), 43-48 per cent in Czechoslovakia and Hungary, one-quarter in eastern Germany (rather more including the private plots), about one-fifth in Poland and, probably, Rumania, but still less than 10 per cent in Albania.

During 1950-1953 the average level of gross agricultural output exceeded that of the immediate pre-war years only in Albania and Bulgaria (see Table 10 below); and anxiety at its slow and uncertain growth stimulated a revision of farm policies in these countries on lines similar to those in the Soviet Union. However, for the eastern European countries the determination of policy towards the private sector posed problems which were far more difficult to resolve than in the Soviet Union.

The means used to encourage peasants to enter co-operative farms had everywhere included preferences for those farms and their associated MTS (and, of course, for state farms also) in the allocation of such machinery, fertilizer and building materials as were available, together with discrimination against the private farm in the fixing of compulsory delivery quotas, in taxation, etc. Moreover, the mere fact of the collectivization campaigns, and of the stated aims of most governments to create a fully socialized agriculture within a relatively short period, tended to discourage investment by individual peasants in improvements of their land or livestock — or, indeed, in any form except perhaps house building — even when the necessary resources became available. On the other hand, the early state and co-operative farms were not, in general, equipped with either the capital or the managerial talent necessary for quick realization of the theoretical benefits of large-scale farming. Thus, in a situation in which the private sector (including private plots) everywhere contributed over half of gross agricultural production, and in most countries a very much larger proportion, no policy designed to stimulate a rapid growth of total output could ignore the need to give some encouragement to the individual farmer.

Individual farmers therefore generally benefited from the increases in procurement prices, reductions and

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[13a] See the *Bulletin*, Vol. 10, No. 3, p. 33, and Vol. 11, No. 3, p. 40.

[14] See, for other details, the SURVEY for 1956, Chapter I, pp. 28-30.

[15] *Sovetskaya Rossiya*, 13 August 1959, and the SURVEY for 1959, Chapter II, p. 15.

[16] *European Agriculture — A Statement of Problems*, ECE/FAO, Geneva, 1954, pp. 50-51.

TABLE 2

Co-operative and state farms in eastern Europe

Percentage shares in total agricultural land[a]

Country and sector of ownership	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960
Albania												
Socialist sector	..	..	..	..	..	..	..	36.5	61.6	79.2	..	..
of which : Co-operative farms	..	..	..	..	..	..	..	28.2	53.4	67.7	..	..
Bulgaria												
Socialist sector	11.5	13.1	50.2	52.5	53.8	53.8	55.0	71.9	75.7	84.7	89.4	..
of which : Co-operative farms	10.3	11.8	48.5	48.3	49.3	48.7	49.0	65.4	69.6	79.1	83.5	..
Czechoslovakia												
Socialist sector	10.9	22.1	27.6	43.2	44.7	41.9	42.6	47.8	65.4	77.5	85.2	87.4
of which : Co-operative farms, types III and IV[b]	0.1	10.5	16.8	34.4	35.8	31.4	31.7	37.1	58.0	72.5	81.6	84.2
Eastern Germany												
Socialist sector	..	5.7	6.1	6.8	24.9	23.7	26.4	29.4	31.6	36.3	45.8	ca. 90*
of which : Co-operative farms												
Types I and II	—	—	—	3.3[c]	11.6[c]	2.6	1.8	1.2	1.0	1.7	3.6	31*[d]
Type III						9.4	15.8	20.3	22.1	26.2	34.2	53*[d]
Hungary												
Socialist sector		11.0	22.6	33.1	43.8	35.1	34.7	38.9	28.7	29.1	52.8	77.0[e]
of which : Co-operative farms		4.4	13.2	18.7	26.0	18.0	17.5	22.2	12.3	13.0	36.6	60.3
Poland												
Socialist sector	9*	10.4	15.1	16.1	19.6	21.3	22.7	23.4	14.6	13.8	13.2	..
of which : Co-operative farms	..	0.8	3.2	3.4	6.7	8.2	9.2	9.6	1.2	1.0	1.1	..
Rumania												
Socialist sector	..	12.0	..	..	..	..	25.9	30.8	48.0	55.3	74.0	83.7
of which : Co-operative farms (loose type)	—	—	3.2[f]	10.2[f]	11.9[f]	13.0[f]	4.0	7.8	20.3	24.5	30.6	..
Collective farms	0.1	2.8					8.2	9.7	14.4	17.3	27.0	..

NOTE. — Data are for end-year in Bulgaria, Czechoslovakia and Rumania and mid-year in eastern Germany, Hungary and Poland.

[a] For Bulgaria of cultivable land; for Albania, Hungary and Rumania of arable land. Land of co-operative farms includes private plots, except in Bulgaria and eastern Germany. In these two countries the area of the socialist sector including private plots in 1959 was 95 per cent and 48.2 per cent respectively.

[b] Percentage of all agricultural land excluding the state sector, which accounted for 20 per cent of the total at the end of 1960.

[c] End of year.

[d] 20 November 1960.

[e] 87.2 per cent at 20 January 1961.

[f] Share of the co-operative sector in total arable land excluding the state sector.

rationalizations of compulsory-delivery quotas, etc., that ensued after 1953. But governments also continued to try to make co-operative farm membership more attractive to the peasants by means of easier and cheaper credit facilities for co-operative farms, special fiscal concessions, differentially lower compulsory-delivery quotas and charges for MTS services, easier access to supplies of fertilizer, and the like. Moreover, new and more liberal co-operative farm statutes were adopted in a number of countries. At the same time attempts were made to reassure those individual peasants who remained strongly opposed to collective farming by stressing the voluntary character of co-operative organization and by slackening the pressure to establish the more advanced types of co-operative farm.

The measures adopted, and the balance of collectivization policy, of course varied in detail from one country to another. But in several countries the effect was to slow down, or even temporarily to reverse, the trend towards co-operative farming. As can be seen from the figures in Table 2, it was virtually halted until the end of 1955 in Bulgaria; and over two years from the end of 1952 or mid-1953 the area under co-operative farming fell by 32 per cent in Hungary and by 13 per cent in Czechoslovakia. In eastern Germany the trend was only checked — for about 18 months — and in Poland and Rumania it continued, though not very fast. But wherever collectivization had been halted it was resumed late in 1955, when several countries also announced ambitious programmes for the second half of the decade — to bring more than half of all agricultural land into the socialist sector by 1960 in Hungary, and 25 per cent under co-operatives alone in Poland, to make co-operative farming predominant by that date in Czechoslovakia, and in Rumania to raise the share of the socialist sector in marketed output to 60-70 per cent by 1960.

The events of late 1956 in Poland and Hungary brought about major changes from these programmes — temporary in Hungary, but more far-reaching in Poland. About 80 per cent of all co-operative farms were dissolved in the latter country, and nearly one-half in Hungary; but in a fairly large number of cases some kind of co-operative organization seems to have been kept in being — thus avoiding, for example, the dismantling of farm buildings or distribution of equipment and other assets — even where the farm statute was rejected and the existing leadership dismissed. The subsequent policies followed in the two countries were, however, diametrically different, although in the beginning both Governments took steps to permit private trade in, and leasing of, land and both stressed that the voluntary principle must govern future policy towards co-operative farming.

In Poland, although the final goal of a fully socialized agriculture has never been put in question, policy since early 1957 has been firmly oriented towards promoting more efficient farming in the private as well as the socialist sector, while still encouraging co-operation by such means as do not endanger the major short-term goal — to raise output from the, overwhelmingly predominant, private farms. Thus the consolidation of peasant farms has been encouraged up to at least some 15-20 hectares in size, particularly in the areas of new settlement, and the permissible size for a private farm confirmed at the 40-50 hectares limit of the land reform, against a limit of 12-15 hectares set in Hungary. Purchases and leases of land on advantageous terms from the State Land Fund have been possible. It was decided to promote traditional forms of co-operation and association among individual farmers, and independent co-operative associations of peasants — " the agricultural circles " — by now constitute the key institutional element in agricultural policy. These " circles " have been encouraged to embark on the broadest range of activities, and are used as the principal means of channelling investment resources into agriculture (see below). They are envisaged as intruments for furthering progress and co-operation in the countryside in the widest sense, and the Polish authorities hope that they will help overcome the individualism of the peasants so that a complete socialist transformation will eventually be voluntarily accepted. State support for producer co-operatives, voluntarily established on sound foundations, has of course continued.

In the other countries of eastern Europe, including Hungary, the decision seems to have been taken some time late in 1958 or during 1959 to find a quick, but different, way out of the dilemma revealed by the experiences of the fifties: that measures which effectively promoted collectivization tended to discourage increases in investment and efficiency on private farms — and even output from them — whereas reductions in discrimination against the private sector in price or fiscal policies, allocation of investment resources etc., or any relaxation of the general collectivization drive, tended to slow down the rate of entry to co-operative farms. Thus in all these countries except Poland (and Bulgaria where a new campaign had continued steadily since the end of 1955) intense collectivization drives have been undertaken in the last two years. State and co-operative farming, including the private plots of farm households, now covers about 95 per cent of the agricultural area in Bulgaria and eastern Germany and 85-90 per cent in Albania, Czechoslovakia, Hungary and Rumania.[17]

Some special characteristics of the farm structure in individual countries have emerged during the fifties. In Bulgaria all co-operative farms are now of the " advanced " *kolkhoz* type, and the average size of farm in Bulgaria is the largest in Europe. At the beginning of 1960 there were little more than 1,000 collective and state farms in the country with average cultivable areas of 4,186 and 3,376 hectares respectively; and the optimum size of collective farms — from the point of view of economy of scientific and managerial talent, ease of co-ordination of central policy with local initiative, encouragement of specialization and large-scale farming — is considered by the Bulgarian authorities to lie within the 4,000-5,000 hectare range.[18] In eastern Germany the optimum size has been put at 1,500-2,500 hectares, but the actual average is about 280 hectares. Moreover, assurances have been given that no pressure will be exerted on the looser (Types I and II) co-operative farms — 67 per cent of the total number and 37 per cent of the area under co-operative farming in August 1960 — to transform themselves into advanced type co-operatives (now averaging 537 hectares).[19] The looser types of co-operatives are also important in Rumania, where they still hold more than half of the land under co-operative farming, and their average size is 300 hectares, against 800 for collective farms. Amalgamations, during 1960 especially. have brought the average size of co-operative farms in Czechoslovakia to 454 hectares, compared with the officially approved 500 hectare minimum, and " advanced type " co-operatives are now in the overwhelming majority; state farms which averaged about 6,300 hectares at the end of 1959 have been subject to a reorganization during 1960 which has reduced the average size to 2,863 hectares. In Hungary by the end of 1959, the average size of co-operative farms was 445 hectares, and of state farms 1,844 hectares; and in Poland the corresponding figures are 130 hectares and 500 hectares [20] — the smallest averages in the area.

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[17] For further details see the Survey for 1959, Chapter II, section 1; and the *Bulletin*, Vol. 12, Nos. 1 and 3.

[18] See also Chapter VI, section 7.

[19] See *Bulletin*, Vol. 12, No. 1, p. 8.

Other Institutional Changes

The trend towards less central direction of cropping patterns, greater flexibility of compulsory-delivery quotas, etc. already noted in the Soviet Union has been common experience in eastern Europe also. However, only one country, Czechoslovakia, has as yet followed the Soviet example in formally abolishing the MTS and selling their equipment to the co-operative farms, though similar sales of MTS equipment have also been taking place since 1959 in eastern Germany. In Poland the situation is rather different, since the large-scale dissolution of co-operative farms in 1956 and 1957 was accompanied by the abolition of many MTS also, and the " agricultural circles " have now become the main institution for co-operative ownership of farm equipment. Elsewhere the MTS continue in operation, though some of their ancillary functions (for example, as procurement agencies via the collection of fees in kind, or as supervisors of centrally determined cropping plans) have become less important. The question whether the time is yet ripe for their abolition has been under discussion since early 1959 in Bulgaria; and collective farms have recently been given the right to buy new machinery, fuels, spare parts, repair and maintenance services, etc. on the same terms as the MTS and state farms.[21]

Changes in Investment and Price Policies, etc.

Other changes in farm policies in eastern Europe since 1953 have been on lines similar to those in the Soviet Union. Investment allocations to agriculture everywhere rose at some time in the subsequent years, though the phasing varied from country to country. In Bulgaria the share of agriculture in total fixed investment rose steadily from 1954 to 1956 and then again in 1959; but in Hungary a sharp rise of the share of agriculture in 1954-1955 was later reversed until 1958 when it again rose abruptly; in Poland the share rose sharply in 1955 and then virtually stabilized until 1959 when it fell slightly; and there have been other disparities. However, whereas the share of agriculture in total fixed investment had been below 10 per cent in the early fifties in nearly all these countries, it rose by the end of the decade to 15 per cent or more everywhere except in eastern Germany (about 10 per cent still) and Poland, where the share is about 11 per cent but nevertheless much larger than during 1951-1953. In Bulgaria the share in the early fifties had been about 16 per cent, and it rose to about 23 per cent in the later years (see also section 2 below).

This rise in investment has been supported by state credit to the collective and state farms and by some re-orientation of industrial investment programmes and revision of import priorities so as to make available the necessary equipment and other goods. Similar measures have permitted increases in current non-labour inputs also (see section 2).

In the field of monetary incentives, tax concessions, reductions in compulsory-delivery quotas and greater freedom for the farm to choose the form in which it met its obligations, increases in state contract prices for farm produce and reductions in MTS charges and in prices of manufactured goods, building materials, fertilizers, etc. bought by the peasants, have all been features of policy at different times in these countries. They have generally tended to benefit the individual farmer less than the collective farm, as already mentioned; but the individual peasant has also everywhere seen his real income considerably increased during these years. Apart from deliveries in payment of tax and MTS charges, low-priced compulsory deliveries have now been completely abolished everywhere except in Albania, Poland and eastern Germany, but in these countries their scope has been reduced, as has been the differential between compulsory-delivery prices and prices for other state purchases. The nature, and impact, of farm price and income policies in individual countries is discussed further in section 3 below.

2. THE GROWTH OF OUTPUT AND OF INPUTS INTO AGRICULTURE

(a) The Soviet Union

Sown Area, Yields and Output

The rise of gross agricultural output in the Soviet Union since 1950-1952 has been as follows:

	Index numbers : 1950-1952 = 100				
	1956	*1957*	*1958*	*1959*	*1960*
Total	141	144	159	159	163 *
of which :					
Animal production	143	158	165	176	175 *

Source : Selskoe khozyalstvo SSSR, 1960. For the definition of gross output see footnote 3.

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[20] Excluding some very small specialized farms not subject to the Ministry of Agriculture.

[21] *Rabotnichesko delo*, 4 February 1961.

TABLE 3

Changes in the pattern of sowings in the Soviet Union, by selected regions, 1953 to 1959

Millions of hectares, and percentages

Region	Total sowings		Technical crops [a]		Feed crops [b]		Grain		Wheat	
	Increase 1953 to 1959									
	Million hectares	Percentage	Million hectares	Percentage	Million hectares	Percentage	Million hectares	Percentage	Million hectares	Percentage
Soviet Union	39.1	25	1.0	8	23.9	83	13.0	12	14.6	30
of which :										
RSFSR	18.0	19	0.1	2	14.5	82	2.6	4	4.5	15
of which : Centre [c]	1.8	6	0.4	24	4.0	86	−3.0	−16	−1.3	−29
Volga	1.9	11	−0.1	−13	1.9	61	0.2	2	−0.1	−1
North Caucasus	2.0	14	—	−1	2.4	66	−0.5	−6	−0.8	−16
Urals	3.1	20	−0.1	−20	2.1	79	1.0	9	1.5	26
Siberia	8.6	51	−0.4	−54	3.6	136	5.3	41	5.2	70
Ukraine	2.2	7	0.7	26	4.0	69	−2.7	−14	−2.0	−21
Byelorussia	0.5	9	0.14	76	0.9	168	−0.7	−21	−0.3	−58
Kazakhstan	18.3	188	0.1	14	3.1	149	15.0	213	13.4	289

Source : Selskoe khozyaistvo SSSR, 1960.

[a] Sugar-beet, oil-seeds, vegetable fibres and tobacco.

[b] Other than grains—i.e. sown grasses, silage crops and fodder roots (other than potatoes).

[c] Including the Volgo-Vyatskii and the Central black-earth regions.

Through the ploughing up of 36 million hectares of virgin and long-fallow land in the eastern regions during 1954-1956 the sown area of Kazakhstan was nearly trebled, that of Siberia increased by 50 per cent, and the total sown area of the country was extended by one-quarter (see Table 3). The area under grain increased by one-fifth from 1953 to 1956, but then declined as a result of reductions in the sowings of all grains other than wheat and maize; and by 1959 the major part of the increment of the sown area, over that of 1953, was devoted to fodder crops (other than grain), of which the area had been extended by more than four-fifths. Sowings of grain, and of potatoes and other vegetables, were both larger than in 1953 by some 12-15 per cent, and of technical crops by 8 per cent, and within the last group the sugar-beet area had been expanded by 75 per cent. The bringing of marginal land into cultivation on this scale might have been expected largely to offset other factors tending to raise yields, but the annual average volume of crop production (gross) was in fact 43 per cent higher during 1956-1959 than during 1949-1953.

A 50 per cent rise in grain production from an area increased by less than one-fifth was the result of a number of factors, partly indicated by a comparison of the data in Tables 3 and 4. The tendency to reduce

TABLE 4

Average annual yields of grain in the main agricultural regions of the Soviet Union

Quintals per hectare

Region	All grains			Winter wheat			Spring wheat			Maize [a]		
	1949-1953	1954-1958	1959	1949-1953	1954-1958	1959	1949-1953	1954-1958	1959	1949-1953	1954-1958	1959
Soviet Union	7.7	9.2	10.5	10.5	13.1	15.2	6.6	8.0	9.4	12.7	14.3	13.8
R.S.F.S.R.	7.0	8.7	9.8	10.3	12.9	13.5	6.6	8.5	9.8	10.7	12.2	9.4
Centre	5.3	6.6	8.1	7.3	9.1	11.4	4.4	6.1	9.2	—	12.5	12.0
Centre black-earth	6.6	9.8	10.5	8.3	12.1	16.4	5.7	8.3	7.8	7.7	11.9	12.2
Volga	6.0	6.9	7.6	5.3	9.1	9.9	5.6	6.5	6.5	1.9	4.7	4.3
North Caucasus	10.3	12.9	12.2	11.5	13.8	13.4	7.6	7.5	6.2	11.4	14.0	11.0
Urals	7.1	7.0	11.5	3.7	6.9	12.5	7.4	7.2	12.1	1.8	2.7	5.9
Western Siberia	6.9	10.5	10.1	4.3	6.9	—	6.5	10.8	10.0	5.9	7.5	4.3
Ukraine	10.7	13.4	15.8	11.9	14.8	18.6	7.5	9.2	12.1	13.7	15.4	15.2
Byelorussia	6.2	6.0	7.1	8.0	7.8	10.3	5.7	5.8	5.6	—	12.2	20.0
Kazakhstan	6.2	7.3	8.7	7.8	9.7	8.8	6.4	7.6	8.9	11.7	10.2	10.7

Source : As for Table 3.

[a] All maize for grain, including dry-grain equivalent of maize harvested at lacto-cerotic stage.

the all-Union average yields, implied by the huge expansion of the low-yielding grain area in Kazakhstan and the reduction of sowings in the highest-yielding regions of the country — the Ukraine and Northern Caucasus — has been more than offset by, first, a large countervailing expansion of the area in Siberia (where yields are also relatively high) and contraction in the low-yielding central regions of the RSFSR and Byelorussia and, secondly, a rise in average yields in nearly all the major grain-growing regions, due mainly to improved techniques and partly also to a shift to higher-yielding types of grain.[22] The changes in the regional distribution of the grain area have, in turn, permitted a reduction in sowings of technical crops in the lower-yielding Volga and Urals regions (by 15 per cent) and Siberia (by 54 per cent) and their increasing concentration in areas with more abundant labour supplies and better natural conditions. This is seen in an extension of the area under such crops in the central regions of the RSFSR by 24 per cent from 1953 to 1959, in the Ukraine by 26 per cent and in Byelorussia by 76 per cent. Together with improved agro-technical practices and increased inputs of fertilizers, this relocation of output has helped to raise substantially the average yields of technical crops, especially of sugar-beet and sunflower seed.

Gross animal production rose by 60 per cent — faster than plant production — from 1949-1953 to 1956-1959, meat production reaching a level 53 per cent above that of 1953 by 1959 and milk output rising between these two years by 69 per cent. The rapid growth of output of feed grains and other fodder — and especially the rise in production of silage [23] by 1959 to eleven times the admittedly low 1953 level — was the main contributory factor. The growing supplies of silage helped particularly to improve the quality, and the winter supply, of cattle feed; and this has been a major factor in the 30 per cent rise in average milk yields. Only the collective herds have in fact shown a significant rise in yields (see Table 9 below), but the all-Union average has also been raised by the increasing share of the higher-yielding state herds in the total cattle population. Rising animal numbers have contributed about as much to the growth of output, both of meat and of milk, as have higher yields.

From 1953 to 1956-1957 pork provided the greater part of the rise in meat production, supported by increasing supplies of potatoes and maize, and also by the liberal attitude of the authorities to private farming up to 1956 (noted in section 1 above) which resulted in a rise in output from the private plots as large proportionately as — and larger absolutely than — that from the socialist sector. After 1957, however, beef output accelerated, particularly in the collective and state farms and provided the major part of the further rise in meat production (see Table 5).

TABLE 5

Output of meat and milk in the Soviet Union, 1950 to 1959

Thousands of tons

	1950	1953	1957	1959
Pork [a] — total	1 478	2 305	3 344	3 633
of which:				
From state and collective farms [b]	484	887	1 419	1 776
From private plots [c]	994	1 418	1 925	1 857
Beef and veal [a] — total	2 355	2 090	2 407	3 226
of which:				
From state and collective farms [b]	765	1 245	1 362	2 002
From private plots [c]	1 590	845	1 045	1 224
Milk — total	35 311	36 475	54 750	61 742
of which:				
From state and collective farms [b]	8 863	12 087	25 310	31 391
From private plots [c]	26 448	24 388	29 440	30 351

Source: As for Table 3.

[a] Carcase weight.

[b] Including subsidiary farms of state enterprises.

[c] Of farmers and urban workers and from individual farms.

The 50-60 per cent rise in gross farm output from the early to the late fifties has been accompanied by a very considerable rise in inputs, particularly in the forms of investment and of fertilizer.

Labour Input

According to the census of January 1959, the active population in agriculture was then composed of 31.7 million collective farm workers,[24] 6.6 million in state farms, MTS and RTS, 9.9 million family members of farmers,[25] and 0.1 million on individual farms — a total of 48.3 million of whom 38.3 million were in the socialist sector. The share of women in the labour force is high, particularly in collective farms —

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[22] The area under lower-yielding grains (winter rye, millet and buckwheat) fell by 5.9 million hectares between 1953 and 1959 as that under maize increased by 5.2 million hectares. The change in the regional distribution of the grain area has been reflected in a change in the regional distribution of marketings considerably greater than that of output, the ratio of total marketings to total output remaining more or less the same as before.

[23] Of which maize accounted for about 90 per cent.

[24] Defined so as to include all who had devoted more than some (low) minimum of days in the year to work for the collective.

[25] Probably defined as those doing less than a minimum of work for the collective during the year. Although the time devoted to collective farming, and the number of family members engaged in it, increased steadily after 1953, it was estimated in 1957 that the average number of persons working in collective farming was still only slightly more than two-thirds of all adult able-bodied collective farm members (*Voprosy ekonomiki*, No. 11, 1959, p. 61).

57 per cent compared with 41 per cent in the state sector.[26]

The total employment in the socialist sector as recorded by the census is much larger than the figure of average activity over the year, obtained by averaging monthly data covering state farm workers and people who worked at least one day in each month in collective farming:

Employment in the socialist sector of Soviet agriculture

A: Engaged in agricultural work alone
B: Including those working on construction, subsidiary industrial activities within the farm, repair work, etc.

Millions

		1950	*1953*	*1956*	*1959*	*1959*
		Monthly average				*Census*
Total socialist sector	A	27.6	26.2	28.2	26.2	38.3
	B	30.7	29.4	31.5	29.9	
of which :						
State farms and subsidiary farms of enterprises	A	2.2	2.3	2.7	4.5	6.6
	B	2.4	2.6	2.9	4.9	
MTS and RTS	A	0.6	1.0	2.6	0.2	
	B	0.7	1.2	2.9	0.5	
Collective farms (collective work)	A	24.8	22.9	22.9	21.5	31.7
	B	27.6	25.6	25.7	24.5	

Sources : As for Tables 6 and 7 and *Vestnik statistiki*, No. 12, 1960.

Note. — Small differences between these totals and those in Tables 6 and 7 appear also in the original source and seem to be due to minor differences of coverage under " B ".

Moreover, the 9.9 million of active family members not engaged in collective work considerably exceeds the average of 6.8 million workers on private plots of farm members and urban households recorded in the monthly data for 1959.

On the basis of the more restrictive measurement of activity, employment in state and collective farms and MTS fell slightly from 1950 to 1953, but then increased by 6 per cent up to 1956, as a result of the new policies of expanding the sown area and of fostering an inflow of skilled labour and technicians to agriculture. However, by 1959 employment in the socialist sector had fallen again, back to about the level of the early fifties.

The regional data in Table 6 throw some light both on the differences among regions in the density of the agricultural labour force and on the influence of the virgin lands campaign on labour distribution. The low mobility of agricultural labour between (and even within) regions, noted in earlier secretariat studies,[27] is reflected in the fact that the increase in the labour force of the virgin lands areas has apparently been derived to only a small extent from reductions in the most densely populated agricultural regions, some of which show higher employment in 1959 than in 1953. Indeed, the increases in employment in two virgin-land regions — Siberia and Kazakhstan — are surprisingly low and the increases in the Ukraine and Moldavia surprisingly large. But it has to be remembered that these data cover only permanent members of collective and state farms, and therefore exclude the large numbers of temporary workers in the two former regions.

Table 6

Employment in state and collective farms in the Soviet Union, by selected regions, 1953 to 1959

Region	Numbers employed			Percentage change 1953 to 1959	Number employed per 1,000 ha sown	
	1953	1956	1959		1953	1959
	Thousands					
Soviet Union . .	27 302	29 148	28 286	3.6	174	144
RSFSR	12 855	13 914	13 192	2.6	132	115
of which :						
Centre [a] . . .	5 170	5 589	5 190	0.4	186	175
Volga.	1 582	1 704	1 599	1.1	89	81
North Caucasus	1 471	1 694	1 767	20.1	107	113
Urals	1 750	1 887	1 753	0.2	110	92
Siberia	1 841	1 973	1 860	1.0	108	73
Ukraine	6 750	7 240	7 242	7.3	218	218
Byelorussia . . .	1 705	1 832	1 690	−0.9	332	301
Uzbekistan . . .	1 374	1 337	1 272	−7.5	487	427
Kazakhstan . . .	943	1 142	1 187	25.8	97	42
Baltic Republics .	948	914	897	−5.4	203	194
Moldavia	621	670	707	13.8	320	366

Source : Selskoe khozyaistvo SSSR, 1960.

Note. — For state farms: average number of workers employed per year in purely agricultural activities (i.e. excluding those working in construction, etc.). For collective farms: average of farm members working each month in collective farming, including tractor brigades and farm members employed in construction, subsidiary industrial enterprises and social-cultural institutions of collective farms.

[a] Including the Volgo-Vyatskii and the Central black-earth regions.

Huge seasonal variations in labour requirements are a long-term problem of Soviet agriculture, which can be explained partly by climatic conditions (such as the long and severe winters) in a number of regions, but also by structural factors, such as the extreme concentration on crop production — and especially on grain — in some areas. Consequently, even in regions where the density of agricultural labour is high, and where it is under-utilized for many months of the year, additional labour from outside is sometimes needed at harvest time. The data in Table 7, which reflect changes not only in total labour inputs, but also in the share devoted to collective farming, suggest that only limited progress has been made since 1953 in reducing the wide gap between labour utilization in winter and in the peak period,[28] and, as

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[26] Data on labour-days worked in 1956 by collective farm male and female members (422 and 269 respectively, whereas the average was 331) implied that the share of women in that year was 58 per cent (*Ekonomika selskogo khozyaistva*, No. 3, 1958, p. 14).

[27] See *Economic Bulletin for Europe*, Vol. 9, No. 3, pp. 55-60 (for Central Asia) and the Survey for 1957, Chapter VII, p. 25.

[28] They tend, however, to exaggerate the amount of labour needed in peak seasons — when the share of children, old people and women in the total is higher. On the other hand, the peak labour force would appear still higher if the figures included seasonal labour from outside the farms (which in some regions is considerable).

TABLE 7

Average monthly number of farm members working in collective farming in the Soviet Union, by selected regions, 1953 to 1959

Millions

Region	January-February	March-April	May-June	July-August	September-October	November-December	Monthly average	Number per 1,000 hectares sown
Soviet Union								
1953	18.6	23.2	29.0	32.5	28.2	21.1	25.5	193
1956	19.7	24.3	30.5	34.2	30.2	22.9	27.0	177
1959	18.3	22.1	27.3	30.0	26.5	20.3	24.1	185
of which :								
RSFSR	8.94	10.05	12.13	13.52	11.68	9.16	10.91	139
of which : Centre [a]	3.85	4.32	5.29	5.90	5.07	3.89	4.72	191
Volga, North Caucasus, Urals	3.29	3.78	4.57	5.07	4.34	3.43	4.08	116
Siberia	1.09	1.19	1.39	1.56	1.42	1.11	1.30	87
Ukraine	4.95	6.25	7.73	8.42	7.39	5.52	6.71	257
Byelorussia	1.16	1.33	1.67	1.90	1.64	1.25	1.49	369
Uzbekistan	0.66	0.95	1.13	1.15	1.22	1.01	1.02	537
Kazakhstan	0.46	0.56	0.71	0.78	0.71	0.52	0.62	59
Baltic Republics	0.57	0.64	0.82	0.94	0.83	0.67	0.74	226
Moldavia	0.39	0.62	0.87	0.89	0.80	0.55	0.69	409

Source : As for Table 6.

[a] Including the Volgo-Vyatskii and the Central black-earth regions.

NOTE. — Farm members working each month in collective farming, including tractor brigades and farm members employed in construction, subsidiary industrial enterprises and social-cultural institutions of collective farms.

could be expected, the spread between the lowest and the highest employment levels tends to vary proportionately with the density of labour per unit of land. Thus the under-utilization of labour during the winter is highest in those republics (such as the Ukraine, Moldavia and Uzbekistan) where the number of farm members employed in collective farming per unit of land considerably exceeds the national average.

Investment and Supplies of Machinery and Fertilizer

Investment in agriculture, like labour inputs, increased after the major revision of policy in 1953 — but much faster: the volume rose by more than two-thirds in 1954-1955 and by a further 26 per cent in 1956-1957 (see Table 8). During these years the increase was concentrated mainly in the state sector, and about one-third of it served to finance the construction and machinery requirements of the virgin-lands campaign. During 1958 (the year of the MTS reform and of changes in the procurement and price system, mentioned above) and 1959, investment was about one-fifth greater than in the previous two years; but there was a marked shift away from state-financed investment, which even fell slightly, to that financed by collective farms, which rose by nearly one-half.

Over the whole period 1954-1959, the virgin-land regions absorbed about 30 per cent of total state investment in agriculture, and an estimated 18-20 per cent of all agricultural investment. The absolute volume of investment in these areas was large throughout the period; but their share in the total certainly fell in 1958 and 1959.

No data are available for the share of machinery in total investment during the fifties; but the rise in the tractor park by 660,000, or about 50 per cent (in 15 h.p. units) from 1953 to 1959, suggests that supplies of machinery rose considerably, particularly since supplies of other machines have apparently increased much faster than supplies of tractors.[29] The number of tractors per 1,000 hectares sown rose from 7.9 to 9.7 (in 15 h.p. units) between 1953 and 1959. Ploughing, sowing of grain, cotton and sugar-beet and harvesting of grain are now (in 1959) mechanized to the extent of 90 per cent or more of all such work in collective farms; but harvesting of maize and potatoes and hay-mowing are mechanized only to the extent of 32, 20 and 53 per cent respectively, mechanical water-supply is available for only about one-third of collective farm livestock (but was available for only 7 per cent in 1953) and intra-farm transport for a still smaller proportion, while sheep-shearing is 73 per cent mechanized.[30]

Supplies of mineral fertilizers in 1957-1959 were double the volume in the early fifties, and the application per unit of the (increased) sown area was some two-thirds greater. This is concentrated on technical crops; and most other crops, including grain, receive

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[29] From 1949-1953 to 1954-1958 annual supplies of machinery to agriculture rose, in value, some 2.5 times, whereas supplies of tractors (in physical units) increased by some 80 per cent (see the SURVEY for 1959, Chapter III, p. 39).

[30] *Selskoe khozyaistvo SSSR*, 1960.

TABLE 8

Investment in Soviet agriculture by regions

Annual averages in billions of roubles at 1955 prices, and percentage increases

	1952-1953	1954-1959		1954-1955	1956-1957	1958-1959
	Billion roubles		Percentage increase over 1952-1953	Percentage increase over preceding two years		
Total investment in agriculture	20.4	44.2	117	73	26	19
of which :						
State investment	9.25	20.4	121	91	26	−4
Collective farm investment	11.15	23.8	113	58	25	43
of which total investment in :						
RSFSR	10.50	22.67	116	78	22	16
Ukraine	3.92	7.96	103	52	33	25
Byelorussia	0.68	1.43	110	65	25	26
Kazakhstan	0.93	4.46	380	282	33	8
Central Asian republics [a]	2.00	3.78	89	45	30	24
Other republics [b].	2.37	3.90	65	28	24	31

Source : As for Table 6.

NOTE — Collective farm investment includes state credits to collective farms for investment purposes. It excludes payments made by the collective farms in 1958 and 1959 for purchases of MTS machinery.

[a] Uzbekistan, Kirghizia, Tadjikistan, Turkmenistan.

[b] Residual.

only a negligible amount of fertilizer per unit of land. In 1957, the application of nitrogenous fertilizer (pure content) per hectare was 108 kg. for cotton, 43 kg. for sugar-beet, 21 kg. for flax, but only 0.4 kg for grain (excluding maize); and the average for the whole country was 3.1 kg. per hectare. A continuing concentration on technical crops, despite the rise in the total quantity applied, is reflected in the following data showing the regional distribution of fertilizer supplies to collective farms, which also suggest that considerable scope still remains for increasing fertilizer application to other crops in areas with sufficient humidity.[31]

Application of chemical fertilizer in collective farms in the Soviet Union

Region	*Kg. of gross standard weight per 100 ha of arable land*	
	1953	*1959*
Soviet Union	27.5	56.7
of which:		
RSFSR	9.9	26.0
of which:		
Volga	5.1	6.3
Northern Caucasus . . .	6.7	15.2
Urals	4.4	17.6
Western Siberia	2.8	5.0
Ukraine	32.8	79.0
Byelorussia	49.8	141.3
Uzbekistan	317.2	644.6
Kazakhstan	10.5	12.9

Source : Selskoe khozyaistvo SSSR, 1960.

The Farm Structure and Yields by Type of Farm

The frequency distribution by size of Soviet farms is heterogeneous, consisting virtually of three separate groups of farms centring around averages of more than 8,000 hectares and 2,300 hectares, respectively, for state and collective farms, and of 0.3 hectare per private plot of collective farm households; and this farm structure carries with it a very uneven distribution of the available manpower over the agricultural area. However, the effective distribution of labour is not easy to identify. According to the census data mentioned above, the number of active workers per 100 hectares of sown land at the beginning of 1959 was 11 in state farms and 24 in collective farms. But most of these 24 devote some of their labour to the private plots — supplementing the efforts of the 187 active family helpers per 100 hectares of private-plot area. Difficulties of comparison of labour inputs are intensified by the large differences in sex and age structure. The share of men is 59 per cent in state farms, 43 per cent in collectives and probably much lower among farm members working nearly exclusively on private plots; and the age structure is certainly also much more favourable among state and collective farm workers than among those farming private plots. However, the disparity of labour input is certainly enormous.

As noted in section 1, the optimum size of a collective farm in the Soviet Union is now considered to be 2,500-3,000 hectares of arable land, or not very much larger than the present average. But this optimum size has to be considered only as a rough indicator reflecting the conditions of a given stage of agricultural development. It does not preclude large variations both between regions — connected with such factors as product specialization and natural fragmentation of land [32] — and over time as the levels of mechanization, transport facilities, qualified managerial and technical staff, etc., change. Moreover, the problem of farm size is closely connected with such questions as methods of organization and management or specialization within the farm, all of which are still matters of controversy. Some state farm directors, for example, favour semi-independent " sub-divisions " (*otdeleniya*) within the farm, whereas others (who also favour the establishment of a large central settlement rather than scattered farm hamlets or villages) consider that there is no need for an intermediate level of management between the smallest production unit and the farm central management, and that farms over-large for centralized management should be split up. In relation to collective farms, the main discussion centres around the problem of the organization of complex production brigades which, if given too much autonomy, tend easily to become " farms " within a farm.[33]

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[31] In the east, and in other semi-arid regions, fertilizer application would usually be of little help in increasing yields because of lack of moisture, hindering its absorption by plants, except where irrigation is undertaken.

In any case, differences of average size alone seem to have little bearing on observed differences between yields in state and collective farms. Not only labour density, as already mentioned, but supplies of artificial fertilizer (and probably also of natural manure) are higher in collective than in state farms — 65 kg. and 4 kg. (gross weight) respectively per 100 hectares of sown area; [34] but the state farms are better supplied with agricultural machinery — for example, tractor draught power per 100 sown hectares was 18 h.p. in the state farms against 13 in collective farms (including RTS).[35] Livestock density is greater in the collective farms (see Table 9).

Nevertheless, crop yields seem generally to be higher in state farms; but this may be partly due to differences in natural conditions, such as soil and climate, although for grapes, other fruit and vegetables the considerably higher yields in state farms can certainly be explained, at least in part, by better farming practices.[36] State farms obtain higher milk yields and, so far as can be judged from the data in Table 9, higher output of beef, and especially of pork, per animal than collective farms.

Table 9

Indicators of yields of certain products by type of farm in the Soviet Union in 1959

	State farms [a]	Collective farms	Private plots [b]
Crop yields [c] — *quintals per hectare*			
Potatoes	68	65	116
Other vegetables	97	72	144
Grapes	56.4	38.6	56.5
Other fruit and berries	29.7	16.1	26.3
Livestock density			
Cattle per 100 hectares of agricultural land	7	12	389
Pigs per 100 hectares of sown land	18	21	233
Percentage share in all-Union total:			
Number of cattle	14	45	41
Output of beef and veal	16	46	38
Number of pigs	21	48	31
Output of pork	21	28	51
Milk yields [d] — *litres per cow*	2315	2004	1638

Source : Appendix Table XVII (which also gives available data for 1953 and 1958).

[a] Including subsidiary farms of state enterprises. For milk yields only state farms.

[b] Of farmers and urban workers.

[c] The products shown are the only crops grown on a significant scale on private plots. For yields of other crops in state and collective farms, see Appendix Table XVII.

[d] Figures for 1953 were 2,577, 1,016 and 1,628.

However, much greater discrepancies in yields are to be found if output from private plots is compared with that from collective and state farms (see Table 9). As mentioned above, the labour input per hectare on private plots is far above that on the collective land. Crops cultivated on private plots are mostly very labour-intensive ones, such as potatoes and other vegetables (for which 46 per cent of the national area was in private plots in 1959), grapes (30 per cent of the national area) and other fruit (61 per cent); and their yields tend to be considerably higher than in collective farms, because of more careful cultivation, timely harvesting and heavier application of natural manure per unit of land.

It is difficult to assess the extent to which the distribution of output, and of labour and other inputs, between the socialist sector and the private plots represents an inefficient use of resources. Since much of the crop production on the private plots is of an inevitably labour-intensive character, it may be little more wasteful of labour in present conditions than if it were carried on within the collective — particularly since some of the family helpers (for example, women with young children) might not be able to put in as much work on the collective land as they now do on the private plots. Similarly, the care of the few animals permitted to each farm household may not absorb much labour that would otherwise be available for the collective; and these animals are to some extent nourished by feed (roadside grazings, household waste, etc.) which might not otherwise be used. On the other hand, the extraordinary concentration of livestock on the private plots (illustrated by the data in Table 9) undoubtedly does reduce the efficiency of utilization of the large quantities of fodder that now have to be transferred from the collective to the private sector ;[37] and it probably delays the spread of scientific feeding and breeding. Moreover, the very uneven distribution of animals means that natural manure — of special importance in a country like the Soviet Union with its low application of chemical fertilizer per unit of land — is not always rationally distributed.

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[32] In 1959 there were on the average 332 hectares of sown land per collective farm in the Georgian SSR, 600-870 hectares in the Baltic republics, more than 2,400 hectares in the Ukraine, 4,000-5,000 hectares in the Volga region and the Northern Caucasus and more than 7,000 hectares in Kazakhstan.

[33] On these and related problems see, for instance, C. G. Kolesnev, *Izvestia Timirjazevskoi selskokhozyaistvennoi akademii*, No. 5, 1959, pp. 7-18; D. Muratov, *Mezhdunarodny selskokhozyaistvenny zhurnal*, No. 6, 1960, pp. 19-30; and *Selskaya zhizn*, 22 September, 4, 8 and 30 October 1960.

[34] But this reflects largely the concentration of technical crops in collective farms (see Appendix Table XVII).

[35] See also Appendix Table XVII.

[36] For details, see Appendix Table XVII, as well as Table 9. State farms specialized in vegetable-growing have in recent years been established in the vicinity of large towns.

Milk yields on private plots in 1953 were higher than in collective farms (but lower than in state farms); but they remained practically constant thereafter and by 1959 they were nearly 20 per cent lower than in collective farms, where milk yields had nearly doubled in the intervening years. Apparent beef yields, as suggested by comparison of the respective shares in total animal numbers and in total output, seem to be similar in all sectors. The larger yield of pork per animal in the private sector than in collective farms — reflecting better care and feeding in this more labour-intensive branch — is confirmed (and explained) by available data on the composition of the pig population, showing the very low number of piglets per sow in collective farming as compared with the other sectors.[38]

(b) Eastern Europe

Sown Area, Yields and Output

Among the eastern European countries which have published index numbers of the volume of gross agricultural production (all but eastern Germany),[39] output was about 20 per cent higher in the later years of the decade than in 1950-1953 in Bulgaria, Hungary, Poland and Rumania, over 30 per cent greater in Albania, but only 13 per cent higher in Czechoslovakia. The increases over the pre-war level were noticeably smaller, except in Albania and Bulgaria (and perhaps Poland) and non-existent in Czechoslovakia (see Table 10). However, harvest fluctuations are considerable and the production peaks reached in the best years were well above the 1956-1959 average in some countries.

Gross agricultural output

Index numbers 1950-1953=100

	1956-1959	*1956*	*1957*	*1958*	*1959*
Albania	139 [a]	126	140	128	160
Bulgaria	120	102	119	118	140
Czechoslovakia	113	112	111	114	113
Hungary	119	103	117	124	131
Poland	123	118	122	126	125
Rumania [b]	120	104	130	111	134

Sources : National statistics. For the definition of gross output, see footnote 3.

[a] 1956/57-1958/59 and agricultural years for subsequent figures also.

[b] 1951-1953=100.

For crop production alone differences in rates of growth among Bulgaria, Hungary, Poland and Rumania were less than for total output, but crop production everywhere rose more slowly than the total.

In contrast with developments in the Soviet Union, the increases in gross agricultural output — and in crop production alone — registered in the countries of eastern Europe from the early to the later fifties owed little (except in Albania)[40] to changes in the total sown area, which actually fell slightly in Bulgaria, eastern Germany and Hungary. The area sown to grains was reduced in all countries for which data are available, except in Rumania, where it increased slightly; and the fall in the bread-grain area was as much as 17 per cent in eastern Germany and 25 per cent in Hungary between 1950 and 1959. Areas under fodder crops were extended almost everywhere as a result of the urgent need to raise livestock production; and the area sown to fodder crops (other than roots) in eastern Germany actually rose by 69 per cent between 1950 and 1959.

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[37] Very little fodder, apart from potatoes, is grown on private plots (in 1959 1.2 per cent of the country's sowings of grain and 0.9 per cent of the area under feed crops other than grain). Figures in Appendix Table XVII suggest that there may also be some transfer of fodder from state farms (on which the area sown to feed crops other than grain represented in 1959 one-third of the country's total, whereas their share in cattle numbers was only 13 per cent and in pigs 20 per cent) to collective farms.

[38] Composition of the pig population by sectors, at 1 January 1958:

	Productive sows Thousands	*Piglets under 2 months* Thousands	 Number per 10 productive sows	*Total pig population* Thousands
Total Soviet Union	4 133	8 587	21	44 336
of which :				
State farms	556	919	17	7 442
Collective farms	2 782	3 101	11	19 962
Private plots of collective farm members	600	3 190	53	10 542

Source : Zhivotnovodstvo SSSR, p. 64.

[39] Gross agricultural output (including forestry) in current prices, as shown in the eastern German national accounts, rose by 54 per cent between 1950-1953 and 1956-1959. This figure is not, of course, comparable with those in Table 10, and considerably exaggerates the increase in the volume of output (see data for main products in Table 12).

[40] See Chapter VI, sections 2 and 3.

TABLE 10

Indicators of agricultural output and livestock density in eastern Europe and the Soviet Union

Index numbers, 1950-1953 = 100

Country and period		Gross output	Crop output	Sown area	Animal output	Livestock units [a]	Livestock units [a] per 100 hectares of agricultural land in 1959
Albania	1937/38	79	66	..	103	99	
	1955/56-1957/58	131	137	..	122	109	51
Bulgaria	1939	95	92	99	100	96	
	1956-1959	120	117	98	127	103	48
Czechoslovakia	1936	115	119	110	110	99 [b]	
	1956-1959	113	108	100	119	105	71
Eastern Germany	1938	..	..	101	..	89	
	1956-1959	..	..	98	..	107	98
Hungary	1938	110	110	102	108	97 [c]	
	1956-1959	119	116	98	122	107 [c]	51
Poland	1934-1938	106	113	119 [d e]	95	128 [e]	
	1956-1959	123	119	104 [d]	129	120	48
Rumania [f]	1938	109	110	102	106	85 [g]	
	1956-1959	120	117	103	125	103 [g h]	42
Soviet Union	1940	102 [i]	105 [i]	98	92 [i]	82	
	1956-1959	149 [i]	143 [i]	127	160 [i]	109	33 [j]

Sources : National statistics.

NOTE. — In all countries except Poland, pre-war data are adjusted to postwar boundaries. For definition of gross output see footnote 3.

[a] For all countries, excluding horses. For Bulgaria, excluding buffaloes. For Czechoslovakia and Hungary, excluding goats. For Poland and Soviet Union, excluding goats and poultry. Figures refer to the end of the year, except for Poland (mid-year). The following FAO conversion factors have been used: cattle, 0.8; pigs, 0.25; sheep and goats, 0.1; poultry, 0.01.

[b] For poultry, 1934-1938.

[c] Using conversion factors from national sources (cattle 0.8, pigs 0.114, sheep 0.0714), and excluding poultry, index numbers (1950-1953 = 100) are 94 for 1938 and 102 for 1956-1959.

[d] 1949 = 100.

[e] 1938.

[f] 1951-1953 = 100.

[g] 1950-1952 = 100.

[h] 1957-1959.

[i] 1949-1953 = 100.

[j] Per 100 hectares of arable land and natural meadows.

Everywhere the shift towards the higher-valued technical crops was a factor in the growth of gross plant production over the period as a whole, though there were marked fluctuations in sowings. The areas under such crops, especially sugar-beet and oil-seeds, were expanded particularly in Hungary, Poland and Rumania and, to a lesser extent, in Czechoslovakia. In Bulgaria, where the area was greatly extended over the somewhat longer period since 1948, it rose by 31 per cent from 1950 to 1953 and then fell by one-third up to 1957, when a new rise began; in Poland it was extended by half between 1950 and 1955, but half of this increase was later reversed; in Rumania the area fell from the 1953 peak to 1957 by 28 per cent. In most countries changes in government priorities were the main factor in these fluctuations.[41]

The contributions of increases in yields to the growth of crop production are indicated by the figures in Table 11. For cereals and sugar-beet they rose everywhere — though in varying degree: by as much as 30 per cent for wheat in Poland and more in eastern Germany, by 28, 43 and 58 per cent for maize in Bulgaria, Czechoslovakia and Hungary respectively, and by 30 per cent and 57 per cent for sugar-beet in Bulgaria and Hungary. But very substantial increases for potatoes were registered only in Hungary and Rumania (by 84 per cent and 31 per cent respectively), whereas yields remained practically unchanged elsewhere, or even fell. Among fodder crops, the rise in yields of maize for silage is striking in those countries for which figures are available, but for lucerne the record is less favourable. Data, not included in the table, for crops of major importance to only a few countries do not greatly change the general picture: in Poland yields of rye rose from 13 quintals per hectare to 15 over the period; in Bulgaria yields of cotton, tobacco, sunflower seeds and tomatoes all increased — though for the first two crops they were no higher in the late fifties than immediately before the war; in Albania yields of both cotton and tobacco rose considerably.[42]

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[41] In Bulgaria, for example, the fluctuation was largely due to changing views about the economics of cotton production — even though tobacco is the most important technical crop in that country (see also Chapter VI, section 7).

[42] See also Chapter VI, pp. 30-31 and 43.

TABLE 11

Indicators of agricultural productivity in eastern Europe and the Soviet Union — changes during the fifties

Yields of some principal crops and of milk

		Wheat	Barley	Maize	Potatoes	Sugar-beet	Green mass of maize for silage	Lucerne	Milk [a]
		Quintals per hectare							*Litres per cow*
Albania	1950-1951	9.6	9.5	9.2	68.9	98.1	..	45.0	..
	1957-1958	10.7	8.4	11.9	73.7	154.6	..	45.8	655
Bulgaria	1950-1951	14.5	16.3	12.8	85.1	138.7	51 [b]	34.2	413
	1958-1959	16.7	18.9	16.4	85.5	180.2	133 [b]	28.7 [c]	1 252
Czechoslovakia	1950-1951	19.4	17.4	19.4	117.0	249.1	..	36.8 [d]	1 636
	1958-1959	20.6	19.9	27.7	108.9	252.4	289.2 [l]	44.8 [d]	1 761
Eastern Germany	1949-1950	24.1 [e]	21.5 [e]	19.3 [e]	151.7 [e]	231.8 [e]	..	49.2 [e]	1 891 [f]
	1958-1959	31.3	28.5	22.3	155.4	255.8	329	58.4	2 728 [f]
Hungary	1949-1950	14.1	13.6	15.2	57.3	130.9	163.3	34.1	1 424
	1958-1959	14.8	16.9	24.0	105.5	205.0	222.4	33.1	2 129
Poland	1949-1950	12.6	12.6	..	130	203	..	..	1 600
	1958-1959	16.5	16.2	..	127	197	..	..	1 982
Rumania	1950-1951	10.3	8.2	9.1	78.3	123.4	74.8 [g]	22.8	..
	1958-1959	11.6	13.0	13.0	102.7	146.8	145.5	20.9	..
Soviet Union	1949-1953	8.0 [h]	..	12.7	89	150	..	..	1 389
	1958-1959	11.3 [i]	12.0	17.2 [j]	91	189	140	15.8 [k]	1 818

Sources: National statistics; *A mezögazdaság eredményei, 1958-ban; Mezögazdasági statisztikai zsebkönyv.*

[a] Years are: for Bulgaria, eastern Germany and Poland, 1950 and 1959; for Czechoslovakia, 1951 and 1959; for Hungary, 1950 and 1958; for Soviet Union, 1953 and 1959.

[b] All silage, 1954 and 1958.

[c] 1957-1958.

[d] Sown grasses.

[e] Biological yield.

[f] Kilogrammes; milk of 3.5 per cent fat content.

[g] 1951-1952.

[h] Winter wheat 10.5 and spring wheat 6.6.

[i] Winter wheat 15.2 and spring wheat 9.6.

[j] All maize for grain, including dry-grain equivalent of maize at lacto-cerotic stage. Dry maize grain alone, 19.7.

[k] Sown perennial grasses.

[l] Yield in 1959; average 1954-1958 was 283.2 (*Rudé Právo*, 8 February 1961).

The wide inter-country disparities in yields of every crop in 1958-1959, shown in Table 11, indicate the considerable scope remaining for increases in technical efficiency in the less advanced countries — an impression heightened by comparison of these data with those for western Europe in Chapter III, Table 2.

Changes in levels of output of the main crops in individual countries and in the area as a whole (excluding Albania) are shown in Table 12. The very much greater increases in output in the Soviet Union than in the eastern European countries as a group reflect the large expansion of the sown area in that country, as well as the considerable rises in yields from very low levels. The change in the distribution of grain output is striking: eastern European production in 1956-1959 was about 4 per cent higher than before the war, contrasting with a 30 per cent increase in the Soviet Union, largely because of the reduction of output in both Czechoslovakia and eastern Germany. The fall in output of potatoes in these two countries similarly offset increases over the pre-war level elsewhere in eastern Europe; and their increases in sugar-beet production were insignificant compared with those in other countries. The major part of the increment of eastern European output of each of these crops was contributed by Bulgaria, Hungary and Rumania, which accounted for nearly one-quarter of eastern Europe's sugar-beet production in the late fifties, against less than 10 per cent before the war. As already mentioned, however, rising shares of fodder and technical crops in total area and output were a common experience during the fifties and *a fortiori* over the whole period since before the war — though in varying degree from country to country.

Animal production rose rather faster than crop production from the early to the late fifties, and also since before the war, everywhere except in Albania (see Table 10). Livestock numbers, and the shares of pigs and cattle in the total, fluctuated with variations in monetary incentives and fodder supplies, and with the phases of collectivization in some countries; and the increases — even since before the war — were generally rather small (in terms of standard livestock units). Pig numbers rose everywhere from 1950 to 1959, though in Hungary they fell below the 1950 level in the following year, and everywhere there have been wide year-to-year fluctuations. Cattle herds were depleted by 23 per cent and 11 per cent in Bulgaria and Hungary respectively;

TABLE 12

Output of main agricultural commodities in eastern Europe and the Soviet Union, 1956-1959 compared with 1950-1953 and pre-war

Annual averages in thousands of tons, and index numbers

Product and country	1956-1959 Average	Pre-war	1956-1959 Average
		Index 1950-1953 [a] = 100	
Grain [b]			
Bulgaria	4 250	100	108
Czechoslovakia	5 240	116	108
Eastern Germany [c]	5 959	107	99
Hungary	6 322	105	110
Poland	13 312	113	120
Rumania	9 026	113	128
Total eastern Europe	44 109	110	114
Soviet Union	124 925	118	154
Potatoes			
Bulgaria	299	47	103
Czechoslovakia	7 828	116	94
Eastern Germany [c]	13 007	101	97
Hungary	2 432	123	150
Poland	35 914	114	117
Rumania	2 852	63	136
Total eastern Europe	62 332	110	111
Soviet Union	89 225	100	118
Sugar-beet			
Bulgaria	1 177	40	202
Czechoslovakia	5 813	83	106
Eastern Germany [c]	5 606	95	98
Hungary	2 144	47	105
Poland	7 113	45	115
Rumania	2 185	37	206
Total eastern Europe	24 038	69	114
Soviet Union	42 625	85	202
Meat (live weight)			
Bulgaria	442	100	138
Czechoslovakia	888	88	122
Eastern Germany	1 254	123	134
Hungary	950 *	97 *	134 *
Poland	2 048	80	136
Rumania	844	112	124
Total eastern Europe	6 426	98	132
Soviet Union	12 191	94	152
Milk [d]			
Bulgaria	904	106	143
Czechoslovakia	3 634	143	110
Eastern Germany	5 439	132	145
Hungary	1 773	110	128
Poland	11 040	117	129
Rumania	1 872	99	127
Total eastern Europe	24 662	122	129
Soviet Union	56 069	94	157

and in Czechoslovakia and Rumania there was little change over the decade.

Efforts to improve fodder supplies and breeds of cattle brought about considerable increases in milk yields, the largest — more than 200 per cent over the decade — in Bulgaria. But inter-country differences in the present absolute levels are tremendous (see Table 11). As can be seen from the figures in Table 12, the 29 per cent rise in milk output achieved in eastern Europe as a whole from 1950-1953 to 1956-1959 sufficed to bring about a recovery to only 6 per cent above the pre-war level; but at least the increases were concentrated in the countries where pre-war consumption standards had been lowest. Eastern European meat production in the later years was about one-third higher than either the level of the early fifties or that of pre-war, and Poland achieved a remarkably large increase over the pre-war levels.

As has been indicated above, the share of the two highly industrialized countries in total eastern European output of most important agricultural products has fallen. Thus, the share of eastern Germany and Czechoslovakia in grain output fell from approximately 28 per cent before the war to slightly less than 25 per cent in 1958-1959; for potatoes, it fell from 36 per cent to 30 per cent; for sugar-beet, from 57 per cent to 47 per cent; for meat, from 38 per cent to 32 per cent; and for milk, from 41 per cent to 36 per cent.

Labour Input

Data on the agricultural labour force in eastern Europe are incomplete and far from homogeneous. Although much has been said about the shift away from agriculture in these countries in connexion with the industrialization drive of the postwar years, developments during the fifties varied markedly from country to country. In eastern Germany and Czechoslovakia, the total working population employed in

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Notes to Table 12

Sources: For pre-war: Statistical yearbooks, including international appendices of the East German and Rumanian yearbooks. For meat (estimate) and milk in Czechoslovakia: *Statistický Zpravodaj*, No. 10, 1947, pp. 468-469; for eastern Germany: *Economic Bulletin for Europe*, Vol. 8, No. 3, pp. 61-62; and for Hungary: (meat estimate) *Annuaire statistique hongrois*, 1938, p. 113. For 1950-1959: national statistical yearbooks.

NOTE. — Pre-war data refer to 1934-1938 for crop products, except in Bulgaria (1939), Hungary (1931-1940) and the Soviet Union (1940). For meat and milk they relate to 1938, except in Bulgaria (1939), Czechoslovakia (1936 for meat and 1937 for milk) and the Soviet Union (1940). Data are adjusted to postwar boundaries in all countries except Poland.

[a] For the Soviet Union 1949-1953.

[b] Includes rice in Bulgaria, Hungary and Rumania; includes pulses and dry-grain equivalent of maize at lacto-cerotic stage in the Soviet Union; for Poland only the four main grain crops are included.

[c] In eastern Germany it has been assumed for 1951 and 1952 that the biological crop was 7 per cent higher than the barn crop.

[d] Data for all countries except eastern Germany and the Soviet Union are in million litres. The conversion factor 1 litre = 1.032 kg has been applied in computing the total for eastern Europe. In Czechoslovakia, Hungary, Poland and Rumania only cow's milk. For eastern Germany milk of an average fat content of 3.5 per cent. Data in all countries include milk fed to calves.

agriculture declined by about one-quarter between 1950 and 1959; in Czechoslovakia it fell by more than half since before the war, and in eastern Germany by 10-15 per cent. In Hungary, there was a decline of 4 per cent up to the end of 1958 and a sharp drop thereafter. In at least two of the less industrialized countries of the area — Bulgaria and Rumania — there was a drop in the farm labour force during the early fifties, but this was followed by a gradual recovery to a level at the end of the decade not very different from that of 1950. In all countries for which data are available, the share of agriculture in the total working population fell (see Table 1).

The problem of rural over-population is now largely confined to Albania, Bulgaria and Rumania, at least at the existing level of organization and technique; and critical shortages of farm manpower have developed in Czechoslovakia and eastern Germany. The severity of the farm labour problem in Czechoslovakia at least is in large part due to the rapid deterioration in the age structure of the labour force: for example, the percentage in the 15-50 age group fell from 61.3 in Feburary 1956 to 56.4 in February 1960, and the sex ratio has also worsened.

Regional and sectoral differences in labour supply everywhere hamper the most efficient use of the available manpower.[43] The state farms have tended to have some difficulty in recruiting labour even in countries such as Poland, where there is no real shortage in agriculture as a whole; and complaints of an excessive labour input on the private plots of co-operative farmers, at the expense of the effort devoted to the collectively-farmed land, are as common in the eastern European countries as in the Soviet Union. On the other hand, the input of highly-skilled labour — such as that of agronomists and engineers — has nearly everywhere increased. The number of students in such fields during the fifties rose by 25-30 per cent in Bulgaria, Hungary and Poland.[44] The number of university graduates and equivalent working in agriculture more than doubled between 1953 and 1959 in Czechoslovakia, and between 1951 and 1956 in Rumania, where it then rose by another 16 per cent up to 1959. In eastern Germany the supply of university graduates and equivalent has not recently been increasing, since the level is apparently regarded as already fairly adequate; but the numbers of co-operative farm members with vocational training was 7½ times greater in 1959 than in 1957 — an increase much larger than could be accounted for by the extension of co-operative farming alone. Similar efforts to raise the level of skill have been made elsewhere.

Investment and Supplies of Machinery

The spectacular growth of investment in eastern European agriculture during the fifties, and the varied phasing of the expansion in different countries, are illustrated in Table 13.[45] The data for Hungary and Rumania cover only the socialist sector. The rise in the total in Hungary was faster than that of investment in the socialist sector from 1954 to 1958 (see below); but in Rumania the rate of growth of state investment in agriculture has probably exceeded that of the total over the whole period. In both these countries the shares of agriculture in total investment would be higher than indicated by the figures in the table. It also seems that private investment in Czechoslovakia — recorded as only about 1 per cent of the total during the fifties — must be understated. The increase in the share of Bulgarian investment going to agriculture has certainly continued into the last years of the decade, though completely comparable data are not available. Between 1958 and 1959 centrally planned investment in that country is estimated to have risen by 77 per cent, largely as a result of the mobilization of under-employed farm labour for work on land melioration, irrigation, afforestation and construction.

In all these countries there has also been a considerable rise in investment which is directly for the benefit of agriculture — for example, in capacity for the production of fertilizers and farm machinery.

The rate of increase of investment in Czechoslovak agriculture and forestry is particularly striking; and both that country and eastern Germany appear as relatively heavy investors in agriculture, given the much smaller share of the farm sector in total output and employment in these countries than in others of the group. In Czechoslovakia, at least, the return to this and other inputs, mentioned below, in terms of increases in total output appears small; but it has to be remembered that the present volume of output is being achieved with a manpower supply only about half of what it was before the war, so that output per man has risen considerably.

In Poland, by contrast, total investment in agriculture has been relatively small (though the increase has been rapid) in relation both to the importance of the sector and to the growth of output achieved. Its distribution by sector of ownership has been radically

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[43] See, for example, Chapter VI, section 7, and also the SURVEY for 1957, Chapter VII, pp. 23-25.

[44] But it has not risen since 1953 in Hungary, when it was already 5 times the pre-war number.

[45] The coverage of these data varies somewhat from country to country. In every case they represent investment outlays, which differ from the coverage of investment in the national accounts. The main divergencies among countries are almost certainly in the treatment of investment in livestock, and the coverage of farm building may also vary. For example, farm building carried out by the labour of the members of co-operative farms or by the individual farmer is certainly covered by Polish statistics and — so far as co-operative farms are concerned — in Bulgaria, Czechoslovakia and Hungary also. In other cases, the practice is less clear.

TABLE 13

Volume of investment in agriculture in eastern Europe and the Soviet Union

Millions of national currency at constant prices, index numbers and percentages of all investment

	Millions of national currency 1950	Index numbers : 1950 = 100								
		1951	1952	1953	1954	1955	1956	1957	1958	1959
Bulgaria										
Investment in agriculture and forestry	413	170	195	188	255	307	358	336	..	..
Percentage of total investment	*12.4*	*17.8*	*17.2*	*15.2*	*19.0*	*21.5*	*25.3*	*21.4*	..	..
Czechoslovakia										
Investment in agriculture and forestry	1 142	158	161	208	205	279	354	377	457	560
Percentage of total investment	*8.0*	*10.4*	*9.0*	*11.1*	*11.2*	*14.1*	*15.8*	*15.3*	*16.3*	*16.8*
of which : Agricultural investment in machinery and equipment	387	119	54	92	156	286	361	365	432	508
Eastern Germany										
Investment in agriculture and forestry [a]	903 [b]	..	..	..	..	..	100 [b]	82 [b]	97 [b]	130 [b]
Percentage of total investment	..	..	..	..	..	..	*10.9*	*8.5*	*8.9*	*10.4*
Hungary										
State and co-operative investment in agriculture and forestry [c]	951	146	214	234	281	280	189	132	181	378
Percentage of total investment	*9.8*	*10.6*	*12.8*	*13.2*	*22.7*	*23.8*	*15.5*	*11.3*	*12.6*	*18.3*
Poland										
Investment in agriculture [d]	3 284	64	87	101	125	177	183	191	209	225
Percentage of total investment	*11.5*	*6.5*	*7.5*	*7.5*	*8.8*	*12.0*	*11.9*	*11.6*	*11.5*	*10.6*
Rumania										
State investment in agriculture [e]	549	108	160	168	239	311	268	303	435	570
Percentage of total investment in socialist sector	*9.7*	*7.5*	*8.3*	*6.9*	*11.1*	*12.9*	*9.8*	*11.9*	*15.7*	*17.6*
Soviet Union										
Investment in agriculture	19 300 [f]	..	105 [f]	106 [f]	154 [f]	212 [f]	226 [f]	234 [f]	264 [f]	284 [f]
Percentage of total investment	..	*16*	*15*	*15*	*18*	*22*	*20*	*19*	*19*	*18*
of which : State investment in agriculture	10 200 [f]	..	95 [f]	86 [f]	151 [f]	195 [f]	208 [f]	229 [f]	224 [f]	194 [f]
Investment of collective farms [g]	9 100 [f]	..	116 [f]	129 [f]	157 [f]	231 [f]	246 [f]	240 [f]	310 [f]	385 [f]

Sources : National statistics; *Petnadeset godini sotsialistitchesko stroitelstvo*, Sofia 1959, pp. 148 and 151.

NOTE. — Data are in prices of the following years: 1956 in Bulgaria and Poland, 1959 in Czechoslovakia and Rumania, 1955 in the Soviet Union, but at current prices in eastern Germany and Hungary.

[a] At current prices.

[b] 1956 and index numbers, 1956 = 100.

[c] At current prices; in 1959 at 1958 prices.

[d] Excluding residential building.

[e] Including state credits to collective farms for investment purposes.

[f] 1951 and index numbers, 1951 = 100.

[g] Including state credits to collective farms for investment purposes, and excluding payments made in 1958 and 1959 for purchases of MTS machinery.

changed and, whereas until 1956 about three-quarters of this investment in Poland was going to the socialist sector, by 1959 the shares of the socialist and the private sectors in the investment allocation were nearly equal, although remaining far from proportionate to their share in the total area or total output. This change reflects the increasing willingness of private farmers to devote some of their rising incomes to investment, as well as the availability of state finance and the easier supplies of investment goods. (See Table 26 below.)

Precise comparison of the composition of investment in the various countries is not possible; but on balance it seems that the share of machinery was everywhere large.[46] Mechanization, replacing the falling labour input, has naturally been an important element in the total investment programmes of eastern Germany and Czechoslovakia; and in the latter country the share of machinery and equipment in the total rose from 15 per cent in 1953 to nearly one-third by 1958-1959, and the volume was quintupled. In Poland and Hungary, also, machinery and equipment accounted for one-third of the total by 1958, and in the latter country the share was two-fifths in 1959. Investment in irrigation and

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[46] Differences of coverage of the building element in agricultural investment — even though housing is everywhere excluded in principle — affect any comparison.

TABLE 14

Indicators of draught power and application of chemical fertilizers in eastern Europe and the Soviet Union

Country and year		Number of horses *Thousands*	Number of tractors *Thousands 15 hp units*	Total draught power in hp equivalent		Supplies of chemical fertilizers in pure content	
				Index numbers	*per 1,000 ha of sown area*	*Index numbers*	*Kg per ha in 1959*
Albania	1938	54	..	..	..	..	
	1950-1951	50	0.4	100	..	..	
	1957-1958	49	2.5	170	180	..	..
Bulgaria	1939	614	..	..	..	..	
	1950-1951	486	10.0	..	..	100 [a]	
	1958-1959	358	31.1	..	..	706	50
Czechoslovakia	1936	663	..	..	..	48	
	1951-1952	566	27.3 [b]	100 [b]	160 [b c]	100	
	1958-1959	423	68.1 [b]	160 [b]	260 [b c]	224	100
Eastern Germany	1938	816	..	..	..	116	
	1950-1951	734	..	..	..	100	
	1958-1959	584	60.3 [d]	..	274 [c d]	146	197
Hungary	1935	886	7.0 [e]	..	..	22 [f]	
	1950-1951	705	12.8	100	132	100	
	1958-1959	721	32.0	141	193	331	32
Poland	1938	3 916	..	..	..	40	
	1950-1951	2 835	29.0	100	..	100 [g]	
	1958-1959	2 786	72.2	124	206	226	42
Rumania [h]	1938	1 581	4.9	110	144	229	
	1950-1951	1 000	16.7	100	144	100	
	1958-1959	1 162	48.4	134	184	4 230	5
Soviet Union	1940	21 000	684	99	138	59	
	1950	13 800	933	100	139	100	
	1958-1959	11 300	1 825	158	168	203	13 [i]

Sources : National statistics; *Dezvoltarea economiei RPR pe drumul socialismului 1948-1957*, p. 238; *Revista de Statistica*, No. 5-6, 1960, p. 17; *Revista de Chimie*, No. 8, 1960, p. 433.

NOTE. — Pre-war data in all countries except Poland refer to post-war boundaries.

Tractor stock data are for end of year. Horses: Hungary in March; Poland in June; other countries at end of year.

Conversion coefficients used: for eastern European countries 1 horse = 0.75 hp, and for the Soviet Union 1 horse = 0.50 hp.

Supplies of fertilizers refer to agricultural years in Czechoslovakia, eastern Germany (pre-war) and Poland. Supplies of fertilizers per unit of land refer to sown area in Bulgaria, Poland, Rumania and the Soviet Union and to arable land in Czechoslovakia, eastern Germany and Hungary.

[a] 1952.

[b] Number of tractors in socialist sector.

[c] Per 1,000 hectares of arable land.

[d] Number of tractors in MTS and state farms.

[e] Number in thousands.

[f] 1931-1940 average.

[g] 1948/49 = 100.

[h] Total draught power includes oxen (conversion factor used: 1 ox = 0.5 hp). Production of chemical fertilizers.

[i] The following net content equivalents of the data given in standard units were used: nitrogenous fertilizers (ammonium sulphate) 21 per cent N, potash fertilizers 41.6 per cent K_2O, phosphate fertilizers and phosphorite flour 19 per cent P_2O_5. (See *Bolshaya Sovetskaya Entsiklopedia*, Vol. 1, p. 547 and *Narodnoe khozyaistvo SSSR v 1959 godu*, p. 202.)

land melioration also has been large in Albania and Bulgaria (see Chapter VI).

The increased mechanization of agriculture is indicated by the rise of the tractor park in every country, to 2½-3 times the level of the early fifties by the end of the decade, so that the total draught power available everywhere increased, despite falling numbers of horses (see Table 14). Draught power available per thousand hectares, and the share of mechanical power in the total, in 1958-1959 was largest in the countries of labour shortage — Czechoslovakia and eastern Germany.

Fertilizers and Other Current Inputs

Current non-labour inputs have also increased. Supplies of chemical fertilizers rose considerably in all the countries of the area during the fifties, the increase being greatest in Rumania and Bulgaria — two countries, however, where chemical fertilizer application was still very low (see Table 14). In eastern Germany, on the other hand, fertilizer application has been relatively heavy since before the war, and the increase was less spectacular, although still amounting to nearly 50 per cent. In most countries, moreover, the proportionate rise in supplies of all soil nutrients has been considerably less than for chemical fertilizers alone, since supplies of natural manure have risen little, or may have even fallen. The situation in Hungary, for example, is illustrated by the following figures:

Supply of soil nutrients in Hungary

Annual averages in thousand tons of effective substance

	Natural manure	*Artificial fertilizer*	*Total*
1950-1952	270	43	313
1954-1956	282	58	340
1957-1959	274	118	392

Sources: Mezögazdasági statisztikai zsebkönyv, 1959, pp. 180-183; *idem*, 1960, pp. 133, 135 and 137; *Társadalmi Szemle*, 1959, No. 10, p. 125; *Adatok és adalékok a népgazdaság fejlödésének tanulmányozásdhoz*, 1949-1955, p. 168.

In Bulgaria, total supplies of soil nutrients seem to have been approximately doubled during the fifties even though supplies of chemical fertilizer were seven times as great by the end of the decade.

As in the Soviet Union, the rate of fertilizer application has everywhere varied among crops and among sectors of ownership. In general, chemical fertilizer has been readily available to individual farmers only in the more recent years; and application of natural manure has tended to be heavier on the private farms and private plots of co-operative farms than on state or co-operatively-farmed land.[47]

Yields by Sector of Ownership

As in the Soviet Union, the range of farm size and of inputs per hectare in different types of farm is very wide in all eastern European countries. The average sizes of state and co-operative farms in different countries were noted in section 1. Co-existing with these large farms — usually of more than 100 hectares and often of much more than 1,000 — are, first, private farms, of an average size in 1959 of about 5 hectares of arable land in Poland (the only country where they still occupy the greater part of the total area), 6 hectares in eastern Germany, less than 3 hectares in Hungary and only just over 1 hectare in Czechoslovakia; secondly, there are the private plots of co-operative farm members, everywhere averaging $\frac{1}{5}$-$\frac{1}{2}$ hectare during the fifties.

The contribution of this private sector of small-scale farming to total output remains significant everywhere, though its importance has recently been greatly reduced — except in Poland and Bulgaria — by the rapid spread of co-operative farming in 1959/60. Nevertheless, even in Bulgaria, with the smallest private sector (in terms of its share in the total area), individual farms and private plots of collective farmers and urban workers still together contributed 16 per cent of total gross crop production and 40 per cent of animal production, from $9\frac{1}{2}$ per cent of the sown area of the country, in 1959. At the other extreme, individual farms in Poland contributed 89 per cent of gross crop production and 91 per cent of gross animal production, from 87 per cent of the arable area.

TABLE 15

Ratio of share of gross agricultural output to share of agricultural land, by sector of ownership in five eastern European countries in 1958 or 1959

Country and sector	State farms	Co-operative farms	Private plots	Individual farms
Bulgaria [a]				
Total	1.06	0.83	3.09	1.33
of which :				
Animal production .	1.38	0.49	5.51	2.14
Plant production . .	0.88	1.01	1.72	0.89
Czechoslovakia [b]				
Total	0.76	0.82	4.29	1.05
Eastern Germany [b]				
Total	1.00	——0.85——		1.12
of which :				
Animal production	0.88	——0.87——		1.12
Plant production . .	1.28	——0.81——		1.11
Hungary [a c]				
Total	0.70	0.62	3.63	1.08
of which :				
Animal production .	0.67	0.43	6.13	1.08
Plant production . .	0.73	0.76	1.63	1.08
Poland [a]				
Total	0.74	——1.00——		1.04
of which :				
Animal production .	0.70	——0.80——		1.05
Plant production . .	0.78	——1.00——		1.03

Source : As for Appendix Table XVI. [a] 1958. [b] 1959.

[c] Data at 1954 prices. At current prices the data are as follows:

	State farms	Co-operative farms	Private plots	Individual farms
Total	0.76	0.71	3.38	1.06
of which :				
Animal production	0.78	0.48	6.00	1.06
Plant production	0.75	0.88	1.63	1.06

The variations in gross output per hectare among the different ownership sectors are shown in Table 15. These figures do not, of course, measure the relative " efficiency " of farm management in the different

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[47] In Czechoslovakia according to a recent statement by the Minister of Agriculture, natural manure has been adequately applied to only 700,000 hectares of arable land (out of 5 million) and total application ought to be twice as great (*Rudé Právo*, 14 February 1961).

TABLE 16

Indicators of livestock density and yields, by type of farm, in six eastern European countries in 1959

	State farms	Co-operative farms	Private plots	Individual farms
Bulgaria				
Cattle per 100 hectares [b]	20.0	18.7	71.4	37.7
Pigs per 100 hectares [c]	157.4	38.0	161.6	22.6
Yields in quintals per hectare:				
Wheat	19.7	17.4	14.9	..
Maize	21.5	21.0	16.7	..
Sugar-beet	294	216	181	..
Potatoes	128	110	86	..
Lucerne	24.3	24.3	33.7	..
Oriental tobacco	6.3	8.1	7.1	..
Tomatoes	223	245	181	..
Wine grapes	58.3	52.9	40.3	..
Table grapes	84.4	66.2	58.4	..
Milk yields in litres per cow	3191	1742	720	634
Percentage of national total:				
Number of cattle	3.5	68.0	23.4	2.1
Output of beef and veal	3.4	53.3	35.6	4.4
Number of pigs	12.2	60.7	24.3	0.6
Output of pork	19.2	43.7	32.9	0.9
Czechoslovakia				
Cattle per 100 hectares [b]	48.1 [d]	56.0	130.5	66.3
Pigs per 100 hectares [c]	92.9 [d]	83.5	395.7	112.6
Yields in quintals per hectare:				
Wheat	23.7	23.6	— 20.1 —	
Barley	22.0	22.6	— 19.8 —	
Potatoes	93.7	111.1	— 108.7 —	
Sugar-beet	190.8	210.1	— 200.8 —	
Sown grasses	36.1	45.2	— 44.1 —	
Milk yields in litres per cow	2159 [d]	1483	— 1697 —	
Percentage of national total:				
Number of cattle	14.5	57.8	10.6	16.4
Output of beef	12.3	54.1	11.1	22.5
Number of pigs	16.9	48.9	17.8	12.0
Output of pork	11.4	38.9	3.9	45.8
Eastern Germany [e]				
Cattle per 100 hectares [b]	6.4	65.7	..	74.1
Pigs per 100 hectares [b]	150.7	102.5	..	111.5
Yields in quintals per hectare:				
Grain	26.3	24.8	..	23.8
Potatoes	157.3	154.5	..	166.3
Sugar-beet	209.8	185.0	..	214.3
Sown grasses	57.7	59.1	..	54.6
Eastern Germany (*contd.*)				
Milk yields in litres per cow [f]	3285	2539 [g]	..	..
Percentage of national total:				
Number of cattle	5.6	30.3 [*]	12.4 [*]	50.8
Output of beef and veal	9.7 [h]	..	..	..
Number of pigs	8.1	29.2	11.7	47.1
Output of pork	8.2	..	..	..
Hungary				
Cattle per 100 hectares	28.6	23.4 [i]	.. [i]	49.5
Pigs per 100 hectares	94.7	65.8 [i]	.. [i]	126.5
Yields in quintals per hectare:				
Wheat	23.5	19.3	15.1	14.9
Barley	26.1	21.2	16.9	18.1
Maize	33.5	24.3	31.1	25.2
Potatoes	119.7	93.3	110.7	102.9
Sugar-beet	258.6	207.5	252.1	215.5
Lucerne	29.7	31.3	38.4	37.5
Grapes	36.0	26.4	32.1	30.4
Milk yields in litres per cow	3309	2160	..	..
Percentage of national total:				
Number of cattle [j]	10.4	22.9 [i]	.. [i]	62.7
Number of pigs [j]	11.0	20.8 [i]	.. [i]	51.5
Gross animal production [j]	12.1	8.5	15.2	49.8
Poland				
Cattle per 100 hectares [b]	31.4	35.7 [i]	.. [i]	44.5
Pigs per 100 hectares [b]	29.1	54.3 [i]	.. [i]	60.2
Yields in quintals per hectare:				
Four grains [l]	15.2	17.2 [k]	.. [k]	15.8
Potatoes	118	118 [k]	.. [k]	128
Sugar-beet	113	101 [k]	.. [k]	168
Milk yields in litres per cow	2387	2102 [i]	.. [i]	1951
Percentage of national total:				
Number of cattle	9.9	0.9 [i]	.. [i]	89.2
Number of pigs	9.1	1.1 [i]	.. [i]	89.8
Gross animal production	8.3	1.0 [i]	.. [i]	90.7
Rumania				
Yields in quintals per hectare:				
Winter wheat	15.0	12.5	..	10.5
Maize	15.1	15.1	..	12.2
Sugar beet	150	167	..	139
Potatoes	104	106	..	105

Sources : As for Appendix Tables XVI.

[b] Of agricultural land.

[c] Of arable land.

[d] Excluding farms not under the authority of the Ministry of Agriculture.

[e] All data for co-operative farms include private plots unless otherwise indicated.

[f] 1958.

[g] Excluding private plots.

[h] Includes all meat except pork.

[i] Animals on private plots of co-operative farms are included under the co-operative farm heading.

[j] Excluding subsidiary farms.

[k] Yields on private plots of co-operative farms are included under the co-operative farm heading.

[l] Rye, wheat, barley and oats.

sectors.[48] Nor do they throw much light on the more important question — how far the actual distribution of labour and other resources among the different sectors detracts from the efficiency of their use over the economy as a whole.

It might be expected that the much greater labour input per hectare in the private than in the socialist sector would outweigh the opposite difference in capital inputs and result in value-added per hectare being considerably higher in the former sector than in the latter; and there should probably be a similar difference in gross output per hectare.[50] Such differences in gross output are, in fact, apparent for all the countries shown in the table. In general, and bearing in mind the actual factor distribution, it can also be said that yields of all but the most naturally labour-intensive crops ought to be higher in the socialist sector, where most of the machinery and fertilizer has been concentrated, than in the private sector. The same is probably true of milk yields, in relation to which such factors as the greater certainty of fodder supplies and opportunities for better housing and more scientific feeding and breeding of stock ought to compensate for the smaller labour supply in relation to the number of beasts.

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[48] Among other considerations, it has to be remembered that the farm price structures are virtually set by the central authorities, and also that co-operative farms — and still less state farms — are not, in general, completely free to decide their pattern of production, even though central control has been greatly eased in most countries during the fifties.

[50] The difference in terms of gross output ought to be smaller than the discrepancy of value-added since current non-labour inputs almost certainly have been, and still are, higher per hectare in the socialist than in the private sector — even when allowance is made for considerable inter-sector transfers of fodder in at least some of these countries. In the countries for which gross and net product data are available, such a difference is apparent. In eastern Germany, the private sector contributed 59 per cent of net agricultural product and 52 per cent of gross product in 1959; and in Hungary the comparable percentages in 1958 were 88 and 84.

But even the differences in physical yields can reveal little about the possibilities of increasing the overall efficiency of factor use by changing the distribution of factors among different sectors of ownership or sizes of farm. In the countries of overall shortage of farm labour — Czechoslovakia and eastern Germany — output per man is a more relevant measurement of economic efficiency than output per hectare; and large-scale farming ought to be the more efficient form of organization for securing optimum returns to labour and capital.[51] But even in such countries, the continued existence of small farms and private plots which are *prima facie* wasteful of labour may be fully justified so long as they mobilize some labour (of family helpers) that would otherwise not be available at all. It is, indeed, practically impossible to estimate the extent to which a more even distribution either of labour or of machinery, fertilizers and other current inputs would have raised average yields — per man or per hectare — in any country.

Nevertheless, an examination of some indicators of inter-sector disparities in yields in six countries (assembled in Table 16), together with some other related differences, is of interest.

Grain yields per hectare were higher in 1959 in state and co-operative farming than in the private farms; and state farm yields were, generally, the highest of all, except in Poland. However, the differences were quite small in Czechoslovakia and eastern Germany, suggesting that in these countries the higher inputs of machinery, artificial fertilizer and expertise in the socialist sector had not much more than offset the higher input of labour and of natural manure in the private farms and plots. In Bulgaria the differences were considerable; but the high-yielding state-farm area was only 3 per cent of the national total and the low-yielding private sector only 13 per cent.[52] There are also noticeable inter-sector differences in yields in Hungary (where the socialist sector had noticeably better yields except for maize) and Rumania.

For other major crops, the state farms seem to be somewhat weaker than other sectors in Czechoslovakia — possibly reflecting labour shortage; but in eastern Germany they generally show yields better than those of the co-operatives (including private plots) in 1959 but below those of individual farms. In Rumania the socialist sector had higher yields of sunflower seed and sugar-beet, but there is very little difference for potatoes; and in Poland the private sector shows higher yields of the last two crops. In Hungary, state-farm yields of potatoes, sugar-beet and grapes were the highest; but in respect of all these crops and of lucerne, the individual farms did better than the co-operatives. An examination of a wider range of products[53] than those covered by Table 16 shows, indeed, private-sector yields in Hungary in 1959 above those in co-operative farming (by 5-25 per cent) for all crops except grains, though sunflower seed, onions and tomatoes can be added to the list of products showing the highest yields in the state farms.

Bulgaria seems to be the one country where the socialist sector had a clear lead in yields of all crops except lucerne and rice; and the higher gross crop output per hectare in the private sector thus appears to be entirely due to the fact that the farm families very sensibly chose to grow mainly the more labour-intensive and higher-valued products. In 1958, for example, the individual farms and private plots had only 13 per cent of the national grain area and 6 per cent of the whole area under technical crops, but 32 per cent, 45 per cent and 19 per cent respectively of the areas under vegetables (including potatoes), wine grapes and other fruit. Moreover, within these major categories the more labour-intensive products had a preference. In Hungary also, the disproportionate share of the private sector area under orchards and vineyards and other soft fruit (63 per cent of the national total compared with this sector's 55 per cent share in the national crop area[54]) contributed, together with the higher yields already mentioned, to the higher gross output per hectare.

Data on the sector distribution of sowings are less abundant for most other countries than for Bulgaria and Hungary, but similar tendencies are indicated elsewhere also: a more than average share of the privately-farmed area under potatoes in Czechoslovakia and less than average under grains and fodder, and a higher than average share under potatoes also in eastern Germany.

Completely comparable data permitting a measurement of changes in crop yields in individual sectors during the fifties are available for only a few countries, and even for these it has to be remembered that the coverage of each sector has been changing:

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[51] Despite the continuing complaints of inefficient use of machinery in state farms and MTS during the period under consideration.

[52] For further details supplementing the figures in Table 16, including data on sown areas, see Appendix Table XVI.

[53] Sunflower seed, tobacco, red clover, onions, tomatoes, water-melons.

[54] Moreover, the share of the private sector in the maize area — for which it has relatively high yields — is larger than in the area for other grains (see Appendix Table XVI).

Yields per hectare in 1958-1959

Index numbers, 1952-1953 = 100

	State farms	Co-operative farms	Private plots	Individual farms
Bulgaria [c]				
Wheat	129	103	98	84
Maize	165	153	126	120
Oriental tobacco	..	176	140	129
Tomatoes	109	109	119	115
Potatoes	142	124	97	99
Lucerne	74	72	108	110
Wine grapes	165	138	135	144
Table grapes	113	134	126	168
Czechoslovakia [a]				
Wheat	93	95	95	
Barley	93	94	95	
Sugar-beet	100	105	96	
Potatoes	78	79	79	
Sown grasses	89	98	93	
Hungary				
Wheat	134	120	92	
Barley	137	115	97	
Maize	308	239	129	
Potatoes	179	156	140	
Sugar-beet	168	137	121	
Lucerne	80	85	97	
Grapes	244	216	220	
Poland [b]				
Four grains	116	124		121
Potatoes	112	105		108
Sugar-beet	97	95		104

Sources : As for Table 16.

[a] 1955-1956=100. Some farms not under the Ministry of Agriculture are included in the first column.

[b] 1950-1955=100.

[c] 1957/58.

In Bulgaria the relatively slow growth of yields in individual farms partly reflects the spread of collectivization to the point at which most of the remaining private farms were in the poorer mountain areas: grain yields rose faster in the state sector. In Hungary the rise of yields seems generally to have been fastest in the state farms, followed by the co-operatives and the private sector in that order; but in Poland no very clear pattern is discernible.

In the livestock sector, the much greater density of cattle and pigs per hectare in the private sector is striking in Bulgaria and Czechoslovakia (see Table 16). This is certainly true also of eastern Germany and Hungary and for the last country the contrast would be great if animals on the private plots of co-operative farms were distinguished from the collective herds. In Poland the distribution is probably more even, though still with a higher density of cattle and pigs in the private sector.

As could be expected, milk yields are everywhere highest in the state farms, though their lead over other types of farm is less in Poland than elsewhere; but yields in the co-operative herds are lower than in individual farms in Czechoslovakia. Tremendous increases have been achieved in yields in collective herds in Bulgaria: even though these remain relatively low, they were more than tripled from 1952 to 1959 while the percentage increases in yields in state farms, private plots and individual farms were 31, 71 and 60 respectively. In Czechoslovakia yields in state farms actually fell slightly from 1954 to 1959, while they rose slightly in other sectors. In Poland the rates of improvement varied relatively little among different types of farm. In Hungary, yields in the co-operative herds were higher than in the private sector in 1958 but they fell in 1959, reflecting the transitional difficulties of newly-established co-operatives.[55]

Data on meat yields are rather poor; and for beef the figures in Table 16 are probably affected by higher rates of slaughtering of cattle in private farms, except perhaps in Poland. In pig-breeding, however, where returns to labour input tend to be high even in small-scale farming, yields appear generally to be greater in the private sector.

In Hungary the average slaughter weight of cattle was higher than in the private sector by one-third in the state farms and by 11 per cent in co-operative herds in 1959; but part of these differences can probably be accounted for by the slaughtering of privately-owned animals at earlier ages in the private plots, related partly to limitations on the number of cattle that can be owned by a co-operative farm household: differences in slaughter weights of pigs were small — 7 per cent lower in co-operative herds than in either the state farms or the private sector. Gross animal production in Hungary was lower in relation to the number of beasts in individual farms, but there was little difference between the state and co-operative farms (including private plots). Inter-sector discrepancies in the ratio of gross animal production to the number of beasts do not seem to be very large in Poland.

Inputs and Yields by Sector in Individual Countries

Any attempt to explain the differences in yields among sectors of ownership described above, or the changes in disparities over time, is hampered by the scarcity, and diversity, of available data on related inputs.

In Bulgaria, the picture is nevertheless fairly clear. Yields of practically every product are higher in the socialist sector than in the private sector: thus the higher value of gross plant production per hectare in private farming is entirely due to concentration in the private sector on high-value labour-intensive crops, and the similar differences in gross animal production to the higher density in the private sector. The higher yields in the socialist sector reflect higher inputs per hectare of nearly all factors except labour, and probably more rapidly rising inputs of all kinds. Moreover, the distribution of cattle (though not of pigs) has changed slightly in favour of the socialist sector. Virtually all the available machinery (apart from the simpler equipment such as ploughs) has been applied to the state and co-operative land, as has nearly all the chemical fertilizer. On the other hand, application of natural manure — a much larger, though falling, share of the available supplies of all soil nutrients throughout the fifties — must have been at least three times as high on the privately-farmed land. The number of workers per 100 hectares in the state farms has risen from 22 to 28 between 1952 and 1958: the number of co-operative farm members performing at least the statutory minimum of work for the collective farm fell from 49 to 46 per 100 hectares, but the total of labour days worked in a year per 100 hectares of cultivable area in the co-operative farms has risen by 44 per cent from 1952 to 1959. Nevertheless, labour input per hectare on the private plots may still have been as much as three times as high as in collective farms in the late fifties.[56] The services of agronomists and other highly skilled workers have been mainly devoted to the public sector.

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[55] See Appendix Table XVI.

In Czechoslovakia the number of active workers per 100 hectares of arable area fell in recent years in the state farms, from 26.4 in 1954 to 20.3 in 1959; there was an increase from 21.8 to 27.3 in co-operative farms (including the labour devoted to the private plots) and also an increase, from 45.9 to 56.0, in individual farms. But, as noted above, the age and sex composition of the labour force deteriorated, particularly in the private and co-operative sectors.[57] The concentration of the very steeply rising volume of investment on the socialist sector during the fifties has already been mentioned, and within this sector state farms probably enjoyed some preference. Differences in fertilizer input between the socialist and the private sector in Czechoslovakia have probably been less than in countries where total supplies have been smaller; and the distribution of cattle, though not of pigs, has changed somewhat in favour of the socialist sector, and particularly the co-operative herds.

Small differences in yields, some concentration of the private sector on production of the higher-value crops, and the much higher livestock density in the private sector and the higher rate of slaughtering in individual farms go far to explain the inter-sector differences in gross output per hectare in Czechoslovakia shown in Table 15. But it is surprising that differences of yields among sectors of ownership are so small and that, for those products for which data are available, they have risen so little in the socialist sector — and particularly in state farms — despite the rapid increase in non-labour inputs and the fairly high standard of mechanization and of fertilizer application now reached. Regional differences might provide part of the explanation; but the question arises also whether the state farms — the largest in average size in Europe in 1959 (6,307 hectares) — may not have been too large for optimum efficiency of operation. The reorganization mentioned in section 1, which has involved the breaking up of some of the largest farms and a reduction of the average size to 2,683 hectares, tends to support this supposition.

In eastern Germany, as can be seen from the figures in Table 15, the higher share of individual farms in total gross output per hectare is entirely due to the differences in the livestock branch. Probably the private plots would show a similar difference if separately distinguished. Livestock densities are almost certainly highest for pigs on the private plots of co-operative farms, and cattle density is likewise almost certainly higher in the private sector; but too few data are available on livestock yields for their contribution to be assessed. The disproportionately high level of plant production in the state farms reflects some preference for this sector in the allocation of inputs. The shares of state farms in the total state-farm and MTS stock of the main types of machinery in 1955 and 1959 were as follows (percentages):

	1955	*1959*
Tractors (15 h.p. units)	..	13.1
Lorries (3-ton units)	..	20.9
Seed drills	10.1	9.7
Potato planters	11.9	9.6
Reaper-binders	10.5	11.0
Combine harvesters	8.8	9.4
Threshers	10.5	12.2
Potato combines	26.7	6.2
Disc harrows	12.8	12.6

The share of the state farms in the total agricultural area was 4.4 per cent in 1955 and 6 per cent in 1959. In the former year 11 per cent of tractor field-work by the MTS was performed for the state sector, but by 1959 this had dropped to 1 per cent; and over the same period the share of the total of such work which was performed for individual farms also fell, from 36 per cent in 1955 to 13 per cent in 1959, although the share of individual farms in the total area was reduced only from 73 per cent to 52 per cent.

In Hungary, as elsewhere in Europe, labour input per hectare has been lower in the state and co-operative sector than in individual farms throughout the fifties; the gap has widened during the period and there have been frequent reports of labour shortage in state and co-operative farming. The co-operative farm area (including private plots) per active farm member in the first two years of the decade was fractionally less than the area per active worker in individual farming, but by 1958 it was about 50 per cent greater, though this difference was reduced to 40 per cent in 1959. Since not only family helpers (excluded from both sets of figures) but also the collective farm members themselyes put in a considerable amount of work on private plots, as in other countries, the effective labour input per unit of co-operatively farmed land was certainly below that in the private plots and individual farms even in the earlier years. The area per active worker was 40 per cent larger in the state farms than in individual farming in 1951 and 62 per cent larger in 1958-1959; but the differences between effective labour input in state and co-operative farming cannot have been so great as a comparison of these figures with those given above would suggest.

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[56] See Chapter VI, page 33.

[57] Definitions of activity vary from country to country, and inter-country comparisons of such data quoted in this section would not be valid.

The distribution of investment outlays is available only for recent years, but the rise in the share of private investment is striking, as is the shift from state farms towards co-operative farms and MTS in 1958 as the collectivization drive was resumed:

Investment outlays per hectare of agricultural land in Hungary

	Total [a]	*State farms*	*Co-operative farms* [b]	*MTS* [c]	*Individual farms*
	Million forints	*per unit of area (national average=100)*			
1954	3 036	267	76	140	36
1955	2 889	265	93	121	33
1956	2 457	222	79	76	61
1957	2 115	280	72	33	71
1958	2 961	179	155	66	71

Sources : National statistics.

[a] Excluding state forests.

[b] Including investment from state credits and subsidies: area includes private plots.

[c] Per hectare of agricultural land of co-operative farms (including private plots), which were the main users of MTS services (see below).

Investment in the MTS fell from about one-third of the total for the socialist sector at the start of the decade to about 12 per cent at the end. Over the whole period more than a quarter of their operations were performed on behalf of individual farms, but by 1959 this share had fallen to 11 per cent; and for tractor field-work alone the comparable shares were 15 per cent and 3 per cent.

Supplies of chemical fertilizer in Hungary were also concentrated in the state sector during 1950-1959. During this period they were 13 times higher, per unit of area, in state farms, and six times higher on co-operatively farmed land than in individual farms and private plots; but the distribution of total soil nutrients, including natural manure, was more even. The distribution of chemical fertilizer changed somewhat in favour of the private sector by 1957-1959, but in the last of these three years the gap between the private sector and the others was widening again:

Application of soil nutrients in Hungary

Ratio of kg per ha in state and co-operative farming to that for individual farms and private plots combined

	Natural manure	*Chemical fertilizer*	*Combined total*
Average 1957-1959			
State farming	0.9	10.4	1.90
Co-operative farming . . .	0.6	5.4	1.15
1959			
State farming	1.8	13.8	2.24
Co-operative farming . . .	0.6	8.9	1.54

Source : Mezögazdasági statisztikai zsebkönyv, 1960, pp. 125 and 137.

The continuing rise in current non-labour inputs is reflected in a falling ratio of net to gross output in all sectors except the private plots and state farms (see Table 17). The rise in the ratio in the plots indicates either increasing labour input or a more efficient use of labour, *inter alia* by applying it increasingly to lines of production in which returns to labour are relatively high. Such lines include exploitation of the one form of capital — livestock — that was more plentiful per hectare in the private plots than in the socialist sector (though certainly not more plentiful than in the individual farms). The rise in the net to gross output ratio in fact certainly reflects the last two factors mentioned, and the first little if at all as the average size of plot has increased.

Despite the concentration of non-labour inputs in the socialist sector, both gross and net output per hectare from the private plots remain far above the national average, as they are in individual farms also; and only the private sector has registered an increase in output per hectare — gross and net — between 1955 and 1958 (though net output did not rise in individual farms). But even though output per hectare fell in the socialist sector, net output per active worker rose in the state farms and was at least constant in co-operative farming The absolute differences in net labour productivity among the sectors shown in Table 17 have to be interpreted with caution. In comparing productivity in state farms with that in co-operative farming (excluding private plots), it has to be remembered that the employment data for the latter sector include workers whose average labour day input varied widely. If the two sets of figures could be converted to a common basis of net output per man-hour, labour productivity in co-operative farming would certainly be raised relatively to that in the state sector. In comparing productivity in either of these two sectors with labour productivity in individual farms, or in co-operative farming and the private plots combined, it has to be remembered that unpaid family helpers (not counted as active workers) contribute to output in the in-

TABLE 17

Indicators of gross and net agricultural output per hectare and per active worker by farm sector in Hungary, 1951 to 1958

	National average	State farms	Co-operative farms			Individual farms [b]
			Common farming	Private plots	Total	
Output per unit of area	*Index numbers, national average 1951 = 100* [a]					
1951	100	..	84	413	101	..
Gross 1955	104	89	78	399	103	126
1958	110	87	77	456	106	134
Net 1955	95	59	61	380	86	123
1958	97	54	55	455	85	123
Output per active worker [c]						
1951	100	..	68	..	85	..
Gross 1955	108	98	81	..	117	109
1958	112	113	90	..	133	109
Net 1955	99	65	64	..	98	105
1958	98	71	64	..	107	101
	Net output as a percentage of gross output [a]					
1955	65	47	54	67	59	68
1958	62	44	50	70	57	65
	Net output in forints					
Millions 1958	27567	2022	1335	902	2237	23308
Per hectare 1958	3833	1880	1880	15690	2920	4250

Sources : *Statisztikai evkönyv, 1949-1955*, pp. 39 and 153; *Népgazdasági mérlegek, reáljövedelmek, 1956*, pp. 104, 106, 113, 114, 131; *A Mezögazdaság eredményei 1958-ban*, p. 15; *Közgazdasági szemle*, 1959, No. 7, pp. 774, 781; *A parasztság jövedelme es fogyasztása, a mezögazdesági termelés értéke, 1958*, pp. 54, 56, 58, 65-67, 74, 75; *Statisztikai havi Közlemények.*

[a] Based on data at 1954 prices. Net output in forints at current prices in 1958 is as follows:

Million	34,178	2,882	2,093	1,019	3,112	23,228
Per hectare	4,760	2,710	3,012	17,569	4,133	5,246

[b] Includes the plots of workers on state farms and looser types of co-operatives.

[c] Excluding unpaid family helpers. Averages of monthly data. For co-operative farms the data include all farm members contributing some work to the collective. Employment in MTS has been allocated according to the distribution of MTS services.

dividual farms and private plots. Thus the data in the table tend somewhat to exaggerate labour productivity in individual farms by comparison with the state farms or *a fortiori* with co-operative farming (excluding the private plots).

In Poland the respective shares of the private and the socialist sector (including private plots) in the total arable area in 1959 were 87 per cent and 13 per cent. The decision once taken to await the voluntary conversion of peasants to co-operative farming, it became important to facilitate the investment and other inputs that could meanwhile raise output in the private sector.

Labour input in Poland has been consistently higher in the private sector than in state or co-operative farming. In the early years of the decade the state and co-operative farms and MTS absorbed about 75 per cent of total investment in agriculture, but by 1959 the shares of the private and socialist sectors were approximately equal. As mentioned above, this change reflects an increasing volume of investment out of peasants' incomes, which is estimated to have risen by 117 per cent between 1955 and 1958 while the comparable increase in the volume of peasants' expenditure on consumption was only 23 per cent. The distribution of total investment outlays in private farms in recent years has been as follows: [58]

Total investment outlays in private farms in Poland

Based on values at 1956 prices

	1956	*1957*	*1958*	*1959*
Total investment outlays *million zlotys*	*3 012*	*4 603*	*5 740*	*6 148*
of which (in percentages):				
Building: farm structures . . .	28	29	26	24
residential	50	42	44	43
Machinery and equipment . . .	18	28	27	28

Source : Statistical Yearbook 1960, p. 232.

Few details of inputs of equipment or farm building by sector are available; but in 1959 the tractor stock was distributed as follows (in percentages based on stock in 15 h.p. units):

State farms	*Co-operative farms*	*MTS*	*Agricultural circles*	*Private farms*
46.3	2.6	32.3	2.1	16.7

The number of horses per 100 hectares is much higher in private farms — 15.7 compared with 8.8 in co-operative farms and 6.9 in state farms; and the densities of cattle and pigs show similar variations. The concentration of chemical fertilizer on the state sector has been marked: application per hectare of sown land was 102 per cent higher in state farms than in other sectors during 1954/55 and 58 per cent higher in 1958/59, but supplies of natural manure have, of course, been more plentiful in the private farms.

The rate of investment in agriculture in Poland — and even its rate of growth — having been relatively low, the preference given to the state sector in the allocation of these and other inputs does not seem to have been sufficient to offset the higher labour input in individual farming. In crop production, state farms showed no superiority of yields in 1959; their share in gross output of animal products remained rather below their share in related livestock numbers and, as already noted, their density of cattle and pigs was well below that of the private sector.

Within the individual farm sector, the only evidence available of variations in yields by size of farm is, at first sight, somewhat surprising. A sample of 1,200 farms surveyed in 1957 showed the highest yields — of grains and potatoes — in the smallest farms, of less than three hectares:

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[58] The coverage is slightly different from that of the volume of outlays out of peasant incomes quoted above.

Yields in individual farms in Poland in 1957

Quintals per hectare

	All farms	*of which:*				
		below 3 ha	*3-7 ha*	*7-10 ha*	*10-14 ha*	*14 ha or above*
Four grains	17.9	20.6	17.8	17.6	16.7	17.5
Potatoes	158	179	162	157	146	148

Source : Statistical Yearbook.

These data suggest that, at the levels of supply of such inputs as machinery and chemical fertilizer at that time, the larger input of family labour per hectare possible with decreasing farm size was all-important. They also suggest that the possibility of raising yields in the larger individual farms may become very considerable as the " agricultural circles " promote further mechanization and as supplies of fertilizer and other non-labour inputs rise further.

3. MARKETINGS, PRICES AND INCOMES

(a) The Soviet Union

The most important elements in farm price and income policies in the Soviet Union during the fifties have been those relating to collective farming and to output from the private plots of farmers and urban workers. State farms accounted for less than 10 per cent of total output up to 1954/55 and by 1957 for about 15 per cent; and their share has by now probably been raised to more than 20 per cent, though precise data are not available. Throughout this period, the system of planning, management and finance of state farms was closer to that of industrial enterprises than to that of the collective farms. Their capital was provided in the same way as for industrial enterprises; wages were fixed, and the impact of harvest fluctuations was therefore absorbed by the state budget. They delivered to the state all produce not retained on the farm and their (unitary) delivery prices were separate from the collective-farm price system, though since 1958 the differences from the collective farms, both in the system and in the actual levels of prices, have become less.

In the remainder of this sub-section attention is concentrated on policies towards collective farms and producers on private plots. The descriptions of developments do not apply to state farming unless this is specifically indicated.

The Marketing and Price System up to 1953

The marketing and price system introduced into Soviet agriculture in 1932/33 remained essentially unchanged for twenty years. The problems which confronted its administrators during this time can be summarized as follows: to secure a volume of state procurements rising steadily with the growth of the urban population, to provide incentives to raise farm output, and to achieve both aims while an extraordinarily high rate of saving was maintained over the whole economy and devoted primarily to the expansion of industrial capacities.[59] Compulsory-delivery quotas and other forms of procurement quotas, together with the obligation to pay for MTS services in kind, were the chosen means of ensuring supplies for the non-farm population, and the possibility of much higher-priced above-quota sales was intended to provide the main incentive to raise yields.

The method of setting compulsory-delivery quotas has thus been of great importance. If they were closely related to actual yields in each farm, state procurements were certain to benefit from any increase in efficiency, but the incentive for better farming would be less than if a rising proportion of above-average yields were available for above-quota sales. On the other hand, if quotas were set simply per unit of land the incentive to raise yields could be considerable in the better-endowed farms, but the gap between the incomes of farmers in the richer and those in the poorer farms would tend to widen — a tendency which would be intensified by the possibility of higher investment also in the richer farms (unless state credit to poorer farms were used deliberately to redress the balance).

Until 1940 compulsory-delivery quotas were in fact fixed, for each main crop and for each of the main animal products, in relation to the planned cropping pattern (in terms of sown area) of each farm and to its animal numbers. Thereafter, quotas were fixed (with some exceptions mentioned below) according to the " hectare principle ", that is in relation to the total agricultural area of each collective farm — irrespective of the actual total area sown, cropping pattern or number of animals.[60] This, however, gave little real freedom to the farms to choose the most profitable assortment of production since sowing patterns and animal numbers were centrally planned.

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[59] The policy of rapidly building up collective consumption (education and health services, etc.) likewise limited the resources which could be devoted to raising real personal incomes; though this was certainly a minor factor by comparison with the high rate of investment. To have attempted to improve peasants' incentives by significantly changing the distribution of real personal income to their advantage would have been impracticable during much of the period without major changes in the chosen overall pattern of development or would at least have involved serious difficulties in other fields.

[60] For private plots, quotas were similarly fixed for potatoes. For meat and eggs they were a fixed quantity per household, and for milk and wool per animal on the plot.

Moreover, for the majority of farms compulsory-delivery quotas were set so high as to leave only a very small margin of production available for sale at the higher prices paid for above-quota deliveries to the state purchasing agencies — or the still higher prices obtainable on peasant markets;[61] and in years of bad harvests some farms were even unable to retain enough feeding-stuffs and seed for their own production needs.[62]

The "hectare principle" of setting quotas was intended to provide an incentive to raise yields, and quotas were broadly differentiated by zones and *raions* according to their varying natural conditions. Within each *raion* the farms with higher yields — whether due to better natural endowments or better management — were, of course, able to obtain the larger above-quota surpluses, so long as the "hectare principle" was fully observed. But it seems that the principle was frequently infringed in practice, and higher quotas set for farms which normally showed particularly high yields or which had above-average numbers of animals per hectare.[63]

The high level of compulsory-delivery quotas and the low prices paid for them seem to have offered particularly little incentive for the majority of farms to expand output of grains, potatoes and animal products, whereas production of technical crops was more effectively encouraged. This was apparently achieved by means of higher basic prices for the particular form of delivery obligations applicable to these crops — the so-called "contract purchases" related to planned sown areas and yields — and it seems, too, that quotas were set at levels which left a considerably larger margin of output of these crops for sales at a premium. It is indeed clear from the results of subsequent efforts to relate the price structure to production costs that average prices of grains and animal products in 1953 must have been much lower, in relation to costs, than those for technical crops.[64]

The 1953 Reforms

The first phase of the post-1953 reforms retained the multiple price and delivery system, but considerably raised average prices for deliveries to the state. The change was brought about mainly by lowering compulsory-delivery quotas for both collective farms and private plots and by raising prices for such deliveries; but for some products prices for above-quota deliveries were also raised.[65] As can be seen from the figures in Table 18, the effect was to raise the average farm price level by 1956 for deliveries to the state (against cash only) to 2½ times that of 1952, while the average retail price level fell for goods other than food by 20 per cent between 1950 and 1956.

The increase in average prices of animal products was well above the rise in the average for crops; and within each of these major branches of production the range of increases for individual products was very wide. In the former branch, prices of animals for slaughter rose most, to more than five times the 1952 level for cattle and nearly ten times for pigs; in the latter, average prices of grain rose to more than six times, those of potatoes to more than eight times and of sunflower seed to more than nine times the 1952 level whereas the increases for sugar-beet and fibres were relatively modest. The fact that average state purchase prices of products as important as grains, potatoes and meat could rise in such proportions (while there seems to have been some rise in the price of every product) without raising the overall average level by more than 150 per cent reflects, first, the much smaller share of these products in total sales to the state than in total production before 1953 and, secondly, the high share of low-priced compulsory deliveries in those sales. Payments in kind for MTS services[66] and distribution in kind of labour-day dividends absorbed a considerable part of the total production; and potatoes and meat were also sold on peasant markets.

Thus grains provided as little as 3 per cent, potatoes 2 per cent and meat 5 per cent of total cash receipts by farmers from sales to the state in 1952. By contrast, cotton, sugar-beet and flax together contributed nearly

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[61] In 1956-1957, even though the margin between compulsory-delivery and above-quota prices had been reduced since 1953, the latter prices for grain and meat were three times—and for milk 2.3 times — higher than compulsory-delivery prices (*Planovoe khozyaistvo*, No. 8, 1958, p. 8). The enormous margin between even the average prices paid by the state and those realized on peasant markets is indicated by the figures in Table 19 below. The extent to which above-quota sales to the state agencies rather than on the peasant markets were compulsory is not clear. For some products, such as sugar-beet, cotton and flax, the state was, of course, the only buyer.

[62] See M. Moiseev, *Ekonomicheskie osnovy gosudarstvennykh zagotovok selskokhozyaistvennykh produktov*, Moscow 1955, p. 158.

[63] *Ibid.*, p. 164. Moreover, there was little regional variation in the assortment of products which had to be delivered, except that farms producing such crops as cotton, tea or citrus fruit, for which natural conditions decisively determined location, had lower obligations to deliver other products such as grains and meat.

[64] Thus average farm prices for grains, potatoes, pig-meat and milk rose to seven times, nearly eight times, more than eleven times and four times the 1952 levels by 1958, compared with an average rise of 55 per cent for technical crops (see Table 18); and the evidence in Appendix Table XVIII suggests that those increases had not brought the prices of the former crops far above their production costs (based, for collective farms, on a valuation of labour input at the rates paid to seasonal workers in state farms).

[65] Moreover, tax reductions benefited producers on private plots.

[66] Compulsory deliveries and payments in kind to MTS together contributed 84 per cent of state procurements of grains, and an estimated 85 per cent of meat and about 80 per cent of milk in 1953. (See, for grain, *Ekonomika selskogo khozyaistva*, No.2, 1957, p. 34.)

TABLE 18

Average prices paid by the State, and producers' [a] cash receipts from deliveries to the State in the Soviet Union, 1953 to 1959

Index numbers of prices and receipts in billions of current roubles

Commodity	Prices					Cash receipts				
	Index numbers, 1952=100					*Billion roubles*				
	1953	1954	1956	1958	1959	1952	1953	1956	1958	1959
All products delivered to the State against payment [b]	154	207	251	296	302	27.0	38.9	83.7	128.1	138.3
Crop products	132	171	207	203	206	18.7	23.6	51.7	70.4	66.1
of which :										
Grains	236	739	634	695	743	0.8	1.7	9.6	19.6	19.0
Technical crops	122	125	163	155	154	13.3 [c]	15.1 [c]	28.4 [c]	34.3 [c]	31.9 [c]
of which : Cotton	105	102	114	106	107	9.9	10.2	13.2	12.4	13.6
Sugar-beet	144	111	229	219	217	1.8	2.4	6.5	11.0	9.1
Sunflower seed	528	626	928	774	881	0.1	0.9	3.1	3.4	2.8
Flax [d]	139	166	213	239	218	1.4	1.6	5.7	7.5	6.4
Potatoes	316	369	814	789	834	} 0.6	1.6	5.3	5.4	5.2
Other vegetables	..	..	..	..	..					
Fruit (including grapes)	119	135	192	179	169	0.8	1.7	3.2	4.4	3.6
Animal products	214	307	371	546	561	8.3	15.3	31.9	57.7	72.2
of which :										
Animals for slaughter	385	579	665	1 175	1 239	1.4	5.5	11.1	25.3	35.6
of which : Cattle	338	476	507	1 147	1 126	..	..	..	..	..
Pigs	453	786	976	1 156	1 181	..	..	..	..	..
Milk	202	289	334	404	404	2.3	4.8	12.2	19.0	21.4
Eggs	126	135	155	297	310	..	..	..	..	..
Wool	107	146	246	352	353	1.7	1.9	4.6	7.2	8.2

Source : Selskoe khozyaistvo SSSR, Moscow 1960.

NOTE. — Only prices for and receipts from deliveries against cash payment are covered by these data, for example payments in kind for MTS services are excluded.

[a] Collective farms, collective and state farm members and urban workers on private plots.
[b] Excluding deliveries to consumers' co-operatives.
[c] Only cotton, sugar-beet, sunflower seed, flax.
[d] Prices only of flax fibre: cash receipts of flax fibre and flax seeds.

half of all such receipts, and an estimated 60 per cent of the cash receipts of collective farms alone in that year; and the relatively high prices paid for these crops were reflected in the higher gross cash receipts and personal incomes of collective farms specializing in technical crops.[67]

A further change contributing to the rise of farm incomes was the abolition in 1955 of central planning of sown areas and animal numbers, which left collective farms more freedom to choose their sowing patterns and the number and composition of their livestock, subject to the proviso that these must be consistent with their procurement quotas.[68]

The price and quota reforms, and other related changes, introduced during 1953-1956 can now be seen as only the first — almost " emergency " — step to improve peasant incentives and encourage a faster growth of output; and further consideration during these years of the related problems of output incentives, cost reduction and farm income distribution resulted in a second, more comprehensive, series of reforms in 1958.

The 1958 Reforms

These reforms substituted for the old multiple price system related to compulsory deliveries a single type of deliveries by collective farms to the state at a single price for each product (subject to regional differentiation). Under the new system, which has been modified only in minor details since 1958, planned deliveries of each main product are established for each farm on the " hectare principle "; but any above-plan production is salable to the state procurement agencies at an unchanged price or, of course, is available for sale on the peasant markets. Moreover, the decision to abolish the MTS and to sell their equipment to the collective farms was accompanied by the introduction of cash payments for transitional MTS services, and for the services of the repair-technical stations (RTS) which succeeded them, instead of the old system of payments in kind. Compulsory deliveries from private plots were abolished.[69]

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[67] It has been estimated that in the cotton-growing collective farms of the Central Asian republics the per capita personal incomes of farm members in cash and in kind from collective farming were 50 per cent, and their money incomes alone 150 per cent, above the Soviet average. (A. Teryaeva, *Voprosy ekonomiki,* No. 1, 1959, p. 106.)

[68] Some possibility of substituting one product for another (at fixed coefficients) in compulsory deliveries had always existed; but this had been intended only to make some allowance for unforeseeable fluctuations in yields. The 1955 change gave farms at least marginal freedom to concentrate on those lines of production in which their relative efficiency was greatest once their quota obligations had been met.

The increases in average prices for sales to the state in 1958 were much smaller than those which had followed the 1953 reforms, and prices of some products actually fell. The general level in 1958 was only 18 per cent above that of 1956, and even up to 1959 the rise over the 1956 level amounted to only 20 per cent. However, the product differentiation was again very wide and based this time on, *inter alia*, an attempt to assess relative production costs in different types of farm and in different regions.

Cost accounting existed in state farms as in other state enterprises. For some years before 1953 state farm costs had been increasing as a result of rising wages and higher prices for current inputs (such as fertilizer, fuel, and spare parts for farm machinery) but the prices received for their deliveries had remained unchanged. The consequent need for heavy subsidies was itself a disincentive for efficient management, and in 1954 the increase in prices paid to state farms was differentiated by product and by zone so as to ensure that average state-farm costs were approximately covered within each zone.[70]

However, the complications of the delivery and price system for co-operative farms, the payment in kind for MTS services, and the fact that in such farms labour remuneration (also largely in kind) accrued as a residual, made any comparable calculation of relative prices and costs extremely difficult. It had indeed been argued up to about 1953-1954 — and with some justification — that any meaningful money-cost calculation was impossible.

But, with the increased monetization of the collective-farm economy and the simplified price and delivery system, it became possible when fixing the 1958 prices to use the accounts of the state farms so as to calculate prices for collective-farm deliveries — differentiated by zones — at a level intended approximately to cover state-farm costs in the same zone. Such a basis for collective-farm prices implied that average labour remuneration in these farms (for equal effective labour input) should be about the same as in state farms, assuming other current inputs to be obtainable at similar prices by both types of farm and no marked difference in the average capitalization. In fact, prices to collective farms of supplies of such inputs as seed, fertilizer, fuels and spare parts (formerly usually the retail prices) were reduced in 1958 to the (wholesale price) level paid by state farms. Similarly, the sale of the MTS equipment to the collective farms put them on approximately the same footing as the state farms in respect of operating and maintenance costs for their fixed capital.[71] However, state farms were generally better equipped than collective farms, whereas the latter had much more labour per hectare, and this may have contributed to the fact that collective-farm prices are officially reported to be higher than those paid to state farms.[72]

The new system for the collective farms has considerable advantages, going beyond the value of administrative simplification and the improvement of incentives implied by the increase in the average price level. Under the old system, average prices had tended to vary inversely with unit costs from year to year. Since compulsory-delivery quotas were fixed, in principle, for fairly long periods and were unaffected by harvest fluctuations, above-quota surpluses for sale at premium prices were largest in years of good harvests; and in poor years lower average prices intensified the contraction of incomes resulting from lower output. The system introduced in 1958 not only eliminated this tendency, but introduced a provision for countervailing price adjustments: in years of high yields (and thus lower unit-costs) prices are lowered by 10-15 per cent for the four crops most subject to harvest fluctuations — grain, non-irrigated sugar-beet, oil-seeds and potatoes — and in bad years prices are raised by the same margin. Thus the interrelation of output and prices is now similar to that which should normally exist in a market economy.

Despite some small regional differentiation of compulsory delivery quotas, there were only very limited possibilities, under the old system, for any but a small minority of farms to escape the obligation to produce the grains, potatoes and animal products subject to compulsory deliveries, or even to specialize in the

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[69] Whether or not any residual obligation to sell to the state remains is unclear. Sales to the state from private plots have continued to increase in value since 1958, but it is possible that this simply reflects the narrowing of the margin between prices for such sales and for those on peasant markets together with the greater convenience for most producers of selling a considerable proportion of their marketable output to the state rather than incurring the transport and other costs involved in selling on peasant markets.

[70] See, I. Benediktov, *Rezervy udeshevlenya proizvodstva produktsii v sovkhozakh*, Moscow 1958, pp. 32-33.

[71] The terms on which they acquired the capital of course varied. The state farms receive grants from the state budget, whereas the collective farms were now obliged to buy their equipment from the MTS, but with the possibility of receiving credit at 2 per cent interest for up to five years to cover at least part of the cost. As noted above, the increase in collective-farm incomes brought about by the 1958 price changes (incidentally rather greater than the 18 per cent rise over the 1956 level in average prices for deliveries, since prices of non-labour inputs were reduced) was intended largely to ease the financing of purchases of MTS equipment and to cover the increased current labour and other inputs involved by the transfer.

[72] See, for example, the SURVEY for 1959, Chapter II, p. 15; and Mr. Khrushchev's speech at the Plenum of the Ukrainian Communist Party (*Pravda*, 1 February 1961).

TABLE 19

Prices and volume of sales on peasant markets [a] in the Soviet Union

Products	Estimated index, prices paid by the State = 100		Prices				Volume			
			Index numbers 1950 = 100							
	1952	1958	1956	1957	1958	1959	1956	1957	1958	1959
All products			93	90	94	92	104	105	104	95
of which :										
Grain			71	70	70	66	87	84	77	69
Potatoes	ca 2 400 *	ca 380 *	121	103	126	1 186	102	98	100	95
Vegetables			80	92	100	94	117	117	127	123
Fruit			128	118	116	117	118	125	129	131
Meat and lard	ca 2 000 *	ca 240 *	105	106	110	110	103	106	104	92
of which : Beef and veal			94	100	110	109	53	55	51	42
Pork			103	97	92	90	149	145	131	115
Milk and milk products	ca 950 *	ca 300 *	107	97	100	101	103	93	85	76
Eggs	ca 570 *	ca 200 *	95	94	98	98	209	222	224	215

Sources : Narodnoe khozyaistvo SSSR, 1958 and 1959.

NOTE. — Peasant market prices in 1958 were estimated from quantities and values of sales through the commission trade of consumers' co-operatives and from index numbers relating the prices of the commission trade to the peasant market prices; peasant market prices in 1952 were assumed to be close to those of 1950 (which were derived from the 1958 prices by using the index numbers given in this table). Prices paid by the State in 1952 were derived from the 1958 prices (as given in *Pravda*, 1 July 1958, except for the average meat price, which is a secretariat estimate based on the prices paid for different kinds of meat given in the same source) by using the index numbers in Table 18.

[a] By collective farms, collective farmers, state farm and urban workers on private plots, excluding inter-farm sales.

output of those for which their relative costs were lowest. Thus although the range of farm incomes among — and within — regions had been wide, it had reflected to a considerable extent simply the general tendency for average state-purchase prices for any product to be higher where unit costs were lower rather than real differences in efficiency. The 1958 reforms introduced a greater regional differentiation of procurement quotas, freeing some areas from deliveries of products for which they were particularly badly suited; and they also introduced larger inter-zonal price differences. The results of various inquiries into costs and prices undertaken in recent years [73] suggest, however, that the post-1958 inter-regional spread of prices for some major products is less than that of costs, thus further encouraging some regional specialization in production for which conditions are most favourable.

Although prices of technical crops have increased much less than those of other products between 1953 and 1958, they still are much more favourable — in relation to costs — than prices of grain and potatoes. For animal products, prices paid by the state do not yet seem fully to cover average production costs in collective farms,[74] despite the fact that the meat/grain and milk/grain price ratios are much higher than in eastern European countries (see Table 23 below). The high relative cost of animal products in the Soviet Union reflects low physical productivity per animal. This, in turn, reflects scarcity of fodder in collective farms (of which an important part serves to feed animals on private plots) and qualitative deficiencies in its composition, together with the fact that — at least until recently — there has been little regional specialization in meat and milk output. The small degree of mechanization in this sector may also be a factor contributing to the high relative cost.

However, the problem of assessing cost-price relations in Soviet agriculture is greatly complicated by the existence both of farming on private plots (for which there are no cost indications whatsoever) and of the peasant market. Output both from private plots and from collective farms was sold on peasant markets in 1958-1959 at prices estimated to have been for potatoes some 3.8 times, for milk three times, and for meat some 2.4 times those paid by the state (see Table 19). In 1950-1952 peasant-market prices had exceeded the average of those paid by the state by as much as 20-24 times for meat and potatoes, nearly 10 times for milk and 5.7 times for eggs; but the margins subsequently narrowed as state-procurement prices rose, state-channelled supplies of food increased and demand on peasant markets was somewhat reduced. The average price fall for all products sold on peasant markets was, however, modest (7 per cent

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[73] See Appendix Table XVIII.

[74] See Appendix Table XVIII. According to T. Zaslavskaya (*Voprosy ekonomiki* No. 11, 1959, p. 64) the average 1958 prices paid by the state exceeded average collective-farm costs (calculated on the basis of average state-farm labour remuneration) in the same year by 24 per cent for potatoes, 52 per cent for grain, 102 per cent for cotton, 162 per cent for flax and 363 per cent for sunflower seed, whereas average prices for animal products did not cover average production costs (for a confirmation of this last point see also S. Strumilin, *Voprosy ekonomiki*, No. 7, 1960, p. 88).

TABLE 20

Agricultural producers'[a] incomes and per capita incomes of workers and employees in the Soviet Union, 1950 to 1959

Billions of current roubles, quantities and index numbers

Source of income		1952	1953	1956	1957	1958	1959
Producers' cash receipts (gross):							
From sales to the state, consumers' co-operatives and state trade organizations	*Billion roubles*	31.3	41.5	88.5	97.1	134.1	144.9
	Index, 1952 = 100	100	133	283	310	428	463
From sales on peasant markets[b]	*Billion roubles*	..	..	48.1	46.6	48.4	43.4
	Index, 1950 = 100	..	..	98	95	98	88
Producers' total cash receipts (gross)	*Billion roubles*	..	..	136.6	143.7	182.5	188.3
Quantities retained on farms:[c]							
Grain	*Index, 1949-1953 = 100*	..	..	154	151	183	173
Potatoes		..	..	126	116	115	116
Vegetables		..	..	135	140	142	142
Meat		..	..	133	139	145	164
Milk and milk products		..	..	122	131	141	144
Real per capita incomes:							
Of peasants from collective farming and private plots[d]	*Index, 1950 = 100*	..	..	162	172	184	185
Of workers and employees[d]	*Index, 1950 = 100*	..	..	141	152	156	162

Sources: *Selskoe khozyaistvo SSSR*, 1960; and *Narodnoe khozyaistvo SSSR*, 1958 and 1959.

[a] Collective farms and collective farmers, state-farm workers and urban workers on private plots. Thus wages and salaries of state-farm workers are included only in the last line of the table.

[b] The total in 1950 was 49.2 billion roubles. It excludes inter-farm sales, but includes sales on peasant markets through commission trade of consumers' co-operatives. The latter (in billions of roubles) were 6.6, 7.7, 8.7 and 8.7 in the years from 1956 to 1959.

[c] Obtained as the difference between output and all marketings (sales to the state and sales on peasant markets).

[d] Includes money earnings, incomes in kind and imputed values of state-provided services such as education and health services and housing subsidies.

from 1950 to 1956, followed by a stabilization). Grain prices fell most — to some 34 per cent below their 1950 level by 1959, and prices of vegetables, pork and eggs were slightly reduced; but prices of potatoes and fruit rose by some 15 per cent and those of beef by 9 per cent while milk prices remained practically unchanged.

Changes in Farmers' Incomes

The effect on farmers' gross receipts and personal incomes of the big changes during the fifties in agricultural prices and output — either marketed or retained on farms — is illustrated in Table 20; but it has to be remembered that these data include for workers on state farms only cash incomes from their private plots. They exclude the gross receipts of state farms and the wages of state-farm workers and employees (except that these wages are apparently covered by the index numbers in the last line of the table). Between 1952 and 1959 gross receipts of collective farms and private plots from sales to the state rose from 31.3 billion roubles to 144.9 billion, whereas between 1950 and 1959 receipts from sales on peasant markets fell from 49.2 billion roubles to 43.4 billion. Thus from the early to the late fifties the increase in total cash receipts was probably of the order of 130-140 per cent:

Farmers' gross receipts

Billions of current roubles

	1950	*1953*	*1956*	*1959*
	From sales to the state			
Collective farms	21.5	32.4	74.7	113.8
Producers on private plots[a]	..	9.0	13.8	31.1
	From sales on peasant markets[b]			
Collective farms	9.1	13.8	13.9	14.8
Producers on private plots[a]	40.1	..	34.2	28.6

Sources: As for Table 20.

[a] Of collective and state farmers and urban workers.

[b] Including sales on commission by consumers' co-operatives, but excluding inter-farm sales.

However, the rise in total cash receipts was much greater than that in net receipts of collective-farm members (available for investment or personal consumption) since the ratio of net income to gross income is lower in collective farming — with its rapidly rising share in the total — than in farming on private plots.

As can be seen from the data in Table 21, cash payments of collective farms to members for labour-days worked (a residual after income taxes, current productive outlays and allocations for investment have been met) represented in 1952 less than 30 per cent of the farms' then very low gross receipts. By 1956-1957 they were more than 40 per cent of the total and had risen nearly 3½ times, while current productive

TABLE 21

Utilization of gross money incomes of collective farms in the Soviet Union

Billions of roubles and, in italics, percentage shares

	1952	1953	1954	1955	1956	1957	1958	1959
Gross money income	42.8	49.6	63.3	75.6	94.6	95.2	132.0	136.9
Expenditures:								
Income tax	4 *	4 *	6 *	6 *	7.6	9.6	13	..
Insurance premia	2 *	2 *	2 *	2 *	2 *	2 *	3 *	..
Productive expenditure	15 [a]	16 [a]	17 [a]	21 [a]	23.5	21 [a]	29-30 [a]	..
Percentage	*36* [a]	*32* [a]	*27* [a]	*28* [a]	*25*	*22* [a]	*22-23* [a]	..
Allocations to indivisible funds (for investment)	7.4	8.7	11 *	13.2	16.7	16.8	30.4	33.3
Percentage	*17.3*	*17.5*	*17.4* *	*17.5*	*17.7*	*17.6*	*23.0*	*24.3*
Labour-day dividends	12.4	16 *	24.5	30.2	41 [b]	41-42 *	51-52 *	53 [c]
Percentage	*29*	*32* *	*39*	*40*	*43*	*43-44* *	*39*	*39*
Other [d]	2 *	2 *	2.5 *	3 *	4	4 *	5 *	..

Sources : Gross money incomes and allocations to indivisible funds from *Narodnoe khozyaistvo SSSR*, 1956, 1958 and 1959; income tax for 1956, 1957 and 1958 and estimates of insurance premia from budget speeches by A. Zverev, in *Pravda*, 6 February 1957, 20 December 1957 and 23 December 1958; productive expenditure in 1956 from I. D. Laptev in *Vestnik Akademii Nauk SSSR*, No. 6, 1958, p. 19; labour-day dividends in 1952 and 1959 (increase over 1955) from Mr. Khrushchev's speeches in *Pravda*, 25 January 1958 and 21 January 1961; labour-day dividends in 1954, 1955 and 1956 (increases over 1952) from *Selskoe khozyaistvo SSSR*, Moscow, 1958, p. 91, and rough estimates for 1957 and 1958 based on the share of labour-day dividends distributed in cash (given by L. Suvorova, *Voprosy ekonomiki*, No. 1, 1960, p. 143) in total value of labour-day dividends (estimated from data in constant prices for 1952 and 1958 given by Mr. Khrushchev in *Pravda*, 16 December 1958 and the percentage increase 1952 to 1958 given by L. Gatovskii, *Voprosy ekonomiki*, No. 3, 1959, p. 3).

NOTE. — Data in this table (with the exception of those on gross money income and allocations for investment, taken from regular statistical publications) can be regarded as showing only rough orders of magnitude. In particular, data on productive expenditure and labour-day dividends (where not obtained as residuals) are taken from several different sources, which as a rule do not indicate the definitions and coverage of the concepts used. This makes comparison over time difficult, the more so as there were some changes in the types of expenditure financed from the various funds. For instance, since 1956 labour days worked in construction and the reimbursement of long-term state credits could be financed from allocations for investment (see *Pravda*, 10 March 1956).

[a] Obtained as a residual, on the assumption that the share of " Other " was the same as in 1956.

[b] The figure of 42.2 billion roubles given by Mr. Khrushchev (*Pravda*, 25 January 1958) probably includes payment for labour-days worked in construction, and financed from the allocations for investment.

[c] It is not known whether this figure includes payment for labour-days worked in construction financed through the allocations for investment.

[d] Administrative expenditure, allocations to the social-cultural fund, etc., obtained as a residual for 1956.

outlays increased only slightly but allocations for investment purposes more than doubled. In 1958, although the huge increases in current outlays and investment allocations made necessary by the purchase of MTS machinery absorbed the largest part of the increase in gross cash receipts (by 40 per cent over their 1956-1957 level) labour remuneration in cash again rose by some 25 per cent; and the aggregate of farm members seem to have received 4-5 times more money from collective farming in 1958-1959 than in the early fifties.

No indications have been published of the relationship between gross receipts and aggregate net personal cash incomes derived from private plots, but it can be tentatively assumed that they moved in parallel; and, on balance, it seems likely that net personal cash incomes from all farming nearly trebled between 1950-1952 and 1958-1959, the share derived from collective farming having increased from about one-third to some 60 per cent. In real terms the increase was greater because of the retail price reductions which took place after 1953.

On the other hand, part of this rise in cash incomes reflected the increasing monetization of the farm economy, a factor of particular importance in the Soviet Union since in the early fifties about two-thirds of labour remuneration in collective farms consisted of payments in kind [75] and the greater part of output from private plots was consumed on farms.[76] The data in Table 20 suggest that the volume of produce retained on farms for consumption was some 40 per cent greater in 1958-1959 than in the early fifties.

The great discrepancy between the rise in money incomes and that of on-farm consumption, and the predominant role played by the latter in the earlier

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[75] The share of payments in kind in the total value of labour-day remuneration has been steadily decreasing since 1953, but remains considerable.

1955	*1956*	*1957*	*1958*
58	48	45	42

However, the source (L. Suvorova, *Voprosy ekonomiki*, No. 1, 1960, p. 143) does not indicate at which prices payments in kind have been valued.

[76] The share of marketings in output — especially in the animal sector—remains much higher in collective and state farms than on private plots:

	Marketings as a percentage of output			
	1950		*1959*	
	Crops	*Animal products*	*Crops*	*Animal products*
All farms	40	43	48	50
of which :				
Collective and state farms	43	54	59	72

Source : Selskoe khozyaistvo SSSR, 1960.

period, means that any estimate of the increase in peasants' total personal incomes in cash and in kind is heavily influenced by the valuation of auto-consumption.

The basis of valuation of auto-consumption for calculation of the official index number of per capita real incomes shown in Table 20 has not been stated; but the data in the table imply that cash income represented very roughly one-third of total personal income in the early fifties, and slightly more than half in 1958-1959. Most of the overall rise in per capita real incomes took place between 1953 and 1956-1957, when a rise of nearly two-thirds over the 1950 level of the index exceeded the corresponding 45 per cent increase in the index of real incomes of workers and employees. A further rise in peasants' real incomes in 1958 was due partly to the price increases of that year and partly to the good harvest; but they have levelled off in the two following years.

The problem of valuing auto-consumption precludes an exact comparison between absolute levels of incomes in and outside agriculture. It seems that average incomes of collective farmers were lower in the early fifties, especially in bad years, than those of state-farm workers which, in turn, were well below those of urban workers. The gap between rural and urban incomes narrowed between 1953 and 1958; but the range of incomes from collective farming is much wider than that of state-farm wages, as is suggested by the distribution among *raions*:

Percentage of *raions* with remuneration per man-day at percentages of the all-Union average remuneration shown

	< 51	*51-75*	*76-125*	*126-175*	*> 175*
Collective farms:					
1954-1955 . . .	5.9	35.6	41.8	14.4	2.3
1957-1958 . . .	—	27.2	51.5	18.2	3.1
State farms:					
1957-1958 . . .	—	4.2	95.3	0.3	0.2

Source : T. Zaslavskaya, *Voprosy ekonomiki*, No. 11, 1959, p. 63.

A similarly wide spread of farm incomes has been noted also in western Europe and the United States (see Chapter III, section 1), but in the Soviet Union the price and procurement system prevailing up to 1958 tended to widen the range. The fact that up to 1958 low-cost producers generally received higher prices than high-cost producers, mentioned above, permitted the collective farms privileged by better natural conditions, location, greater managerial skill or other factors to have higher than average investment, fertilizer and other inputs and labour remuneration. This in turn tended further to raise yields, above-quota output and average prices.

The spread of farm incomes was very wide in 1953.[77] The raising of the prices of grains and animal products relatively to those of technical crops after 1953 at least tended to narrow the range; and this tendency was reinforced by the 1958 reforms of the price and procurement system.[78] It seems, in fact, that these reforms have at least prevented a further widening of the gap between levels of productivity and income in rich and poor farms. Available data on the differences in collective farm incomes by regions of the Soviet Union nevertheless show a considerable range of average per capita gross incomes in 1959 [79] (and these averages hide considerably larger variations within each republic or region). Variations in labour remuneration in collective farming tend to be closely proportional to changes in gross money incomes of collective farms, which in turn tend to vary directly with the level of investment per farm member and inversely with that of labour per unit of area.

(b) Eastern Europe

The Procurement and Price Systems of the Early Fifties

The procurement and price systems of all the eastern European countries up to 1953 were essentially similar to that in the Soviet Union, though exhibiting considerable differences of detail.[80] Compulsory deliveries at low prices, supplemented by contractual purchases or other forms of state purchase at higher prices and by payment in kind for MTS services, everywhere supplied the state procurement organizations, while peasant markets existed for residual surpluses.

One common feature of the compulsory-quota systems in eastern Europe was their use as a means of discriminating taxation of different types of farm (as in the Soviet Union in the early stages of collectivization). In general, quotas assessed per hectare or per animal were higher for individual farms (other than the very smallest) than for advanced-type co-operatives and rose progressively with the size of the individual

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[77] Some confirmation of this is provided by the range of personal cash incomes in collective farm production in 1953. According to Mr. Khrushchev (*Izvestia*, 15 September 1953) money remuneration per labour-day in collective farms in 1953 was as follows (in roubles):

Cotton growing in Central Asia . . .	17-36
Sugar-beet in the Ukraine	12
Technical crops (average Soviet Union)	18
Animal breeding	4

[78] The problem of low-yield farms has also been solved in a number of cases through their absorption either by richer collective farms (as a result of the amalgamation drives mentioned in section I) or by state farms.

[79] See Appendix Table XV. One of the main subjects discussed at the December 1959 Plenum of the Central Committee of the Communist Party was the reduction of those collective farmers' incomes which were not only much above the country average but also exceeded the average incomes of state farm workers or industrial wages (see the SURVEY for 1959, Chapter II, pp. 14-15).

[80] In this subsection, as in the preceding one, the discussion covers state farms only when this is specifically indicated.

TABLE 22

Indicators of agricultural prices paid to producers in five eastern European countries, 1952 to 1959

Index numbers, 1952=100

		1953	1954	1955	1956	1957	1958	1959
Czechoslovakia								
Crop products		117	123	133	139	141	140	139
Animal products		105	126	146	153	154	156	165
All products		110	125	142	148	150	150	156
of which :	Compulsory deliveries	107	114	121	123	122	122	125
	Other state purchases	137	132	135	134	130	130	131
Eastern Germany [a]								
Wheat	Compulsory deliveries	..	..	100	104	104	105-110 [b]	111
	Other state purchases	..	..	100	103-193 [b]	192	193-109 [b]	117
Sugar-beet	Compulsory deliveries	..	..	100	113	150	150	153
	Other state purchases	..	..	100	100	133	133	150
Late potatoes	Compulsory deliveries	..	..	100	116	116	116-124 [b]	120
	Other state purchases	..	..	100	94	94	94	102
Pigs for slaughter	Compulsory deliveries	..	..	100	115	117	117-145 [b]	144
	Other state purchases	..	..	100	83	83	83-69 [b]	68
Milk	Compulsory deliveries	..	..	100	120	120	120-135 [b]	135
	Other state purchases	..	..	100	88	88	88-78 [b]	78
Hungary								
All products (excluding inter-farm sales) from:								
State farms		102	126	188	198	228	237	..
Agricultural co-operatives		101	140	140	148	192	181	..
Private farms		119	140	148	161	191	178	..
Private farms, including inter-farm sales		123	135	138	145	163	153	..
All products sold by private farms by means of:								
Compulsory deliveries		99	105	109	108	—	—	—
Contractual and free sales to the state		120	175	175	183	191	180	..
All sales to the state		112	165	193	218	284	264	..
Sales on free market		117	112	115	115	104	99	..
Poland [c]								
Wheat	Deliveries to the state	102	116	135	187	259	262	260
	Sales on peasant markets	100	107	114	105	104	103	105
Rye	Deliveries to the state	108	117	132	182	250	273	275
	Sales on peasant markets	100	107	111	100	99	96	95
Potatoes [d]	Deliveries to the state	94	107	103	138	169	242	247
	Sales on peasant markets	100	..	95	107	84	98	106
Sugar-beet	Deliveries to the state	100	100	100	105	121	125	125
Cattle	Deliveries to the state	105	137	158	204	193	276	324
Pigs [e]	Deliveries to the state	137	139	141	177	217	209	212
Milk	Deliveries to the state	105	126	137	166	223	217	215
Rumania								
Ratio of agricultural to industrial prices [f]		..	100	99.7	112.3	128.9	126.4	..

Sources : National statistics, *Mezögazdasági áralakulás az 1956-1958 években*, p. 80; and an article by M. Levente, *Revista de statistică*, No. 5-6, 1960, p. 23.

[a] Index numbers, 1955=100.

[b] The first figure represents the price in the earlier part of the year; the second the effect of a later revision.

[c] For deliveries to the state: average prices paid by procurement centres to individual farms, to co-operative farms and to subsidiary farms of state enterprises (excluding state farms). For sales on peasant markets and sugar-beet deliveries the index numbers are on the base 1953=100.

[d] Excluding early potatoes and potatoes delivered for industrial purposes.

[e] Average prices (excluding compensatory premia for coal, and up to April 1958 also for feeding-stuffs, earlier supplied to farmers on special terms) for meat-lard pigs.

[f] Index numbers, 1954=100.

farms; and in most countries the looser types of co-operative were allocated quotas falling between those of individual farms and advanced co-operatives.[81]

Compulsory-delivery quotas seem generally to have been fixed on the " hectare principle " — related in some cases to agricultural area, in others to arable area — though there were exceptions. In all countries there was some differentiation according to location and quality of the land and some very limited possibility of substituting one product for another within the total of assessed quotas. Moreover, contractual purchases, assessed on a different basis from that used for compulsory deliveries, applied to most technical crops in all countries (and sometimes to some other products also).

As noted in section 2, the combination of delivery and/or sowing obligations and price incentives was generally successful in raising production of most technical crops — concentrated to a considerable extent in the state and co-operative farms — and of pig-meat. But production of grains and potatoes in the early fifties showed far less satisfactory results.

As in the Soviet Union, the procurement and price systems in eastern Europe in these years had the merit of assuring delivery at controlled prices of the bulk of the supplies of basic products required by the urban populations.[83] But they also had similar, and in some respects greater, disadvantages. Year-to-year variations in peasants' incomes due to harvest fluctuations were intensified by the nature of the price system. Compulsory-delivery quotas tended to be set so high as to render rather insignificant — or even to eliminate — for many farms the incentive effect of the higher prices obtainable for above-quota deliveries or for sales on peasant markets. Insufficient differentiation of quotas in accordance with varying natural conditions, local skills and traditional farming patterns tended to discourage specialization and diminish efficiency, as well as to give rise to arbitrary variations in incomes from farm to farm. Variations in delivery obligations also had similar effects, favouring the smallest farms in some countries: those of intermediate size in others. Moreover, newly established co-operative farms tended to be supported by subsidies — even if theoretically only on a temporary basis — if their incomes fell below what was regarded as a tolerable level, while there was a tendency to raise delivery obligations for the higher-yielding farms; and this also diminished the incentive effects of the system for co-operative farms in at least some countries. As applied to the large numbers of small individual farms, the systems were inevitably more difficult and expensive to administer, and more confusing to the farmer, than in conditions of collective farming in the Soviet Union; and their steeply progressive land-tax element in some cases led to the reduction of sowings or even abandonment of land.

The Reforms of the Delivery and Price Systems

The post-1953 farm-price and procurement policies in the eastern European countries varied in their details and in their phasing. But everywhere they involved progressive reductions of compulsory-delivery quotas — and in most countries their eventual elimination — and increases in prices for all state purchases. The general tendency was to narrow the gap between prices for different types of delivery to the state, and between prices for such deliveries and for sales on the free market; but this was not universally so at all times. Central planning of sown areas and of animal numbers was gradually relaxed, and the possibility of substituting one product for another in compulsory deliveries was generally widened. In most countries the discriminatory element in the procurement system was somewhat reduced after 1953, though later policies varied from country to country.

The trends of farm prices in five countries are indicated by the data in Table 22. The change in the terms of trade in favour of the farm sector shown by the figures for Rumania has been repeated in some degree in other countries also. Both retail prices of non-food products and prices of fertilizers, building-materials and other goods bought by farmers have risen less than prices of farm produce, or have even fallen during this period, in all countries for which data are available. Indications of the farm price structure in recent years are given in Table 23; and the contrast between the price structures of the eastern European countries and that of the Soviet Union is very marked.

It is not possible to assess at all precisely the influence of changes in general farm price levels or in

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[81] Charges for MTS services were similarly discriminating in at least some countries. See ECE/FAO, *European Agriculture, A Statement of Problems*, Geneva 1954, pp. 53-54 and 61.

[83] Though the very wide margins between state purchase prices (and particularly compulsory-delivery prices) and those obtainable on peasant markets sometimes made it worth while for peasants even to pay fines for non-fulfilment of delivery obligations in order to sell more on the free market. Moreover, in some countries the share of marketed output in the total probably even fell during the period of most unfavourable delivery obligations and prices. For example in Hungary output and marketings at constant 1954 prices are estimated to have changed as follows:

Annual averages	Marketings *Index numbers 1938=100*	 *Percentage of gross output*
1950-1952	90	51.6
1952-1954	85	49.3
1954-1956	85	43.0

Sources : *Adatok és adalékok a népgazdaság fejlödésének tanulmányozásához, 1949-1955*, p. 159; *Közgazdasági Szemle*, 1959, No. 7, pp. 748, 753-754; *Népgazdasági mérlegek reáljövedelmek, 1956*, pp. 104 and 121.

TABLE 23

Prices per quintal received by producers

Index numbers, wheat = 100[a]

	Czechoslovakia	Hungary	Poland	Rumania	Soviet Union
	1960	1959	1959/60	1957	1958
Feed barley	110 [e]	91	98	. .	. .
Maize	86	78	121	85	. .
Potatoes	31	58	20	. .	54
Sugar-beet	14	21	23	. .	32
Sunflower-seeds	. .	123	. .	137-151	232
Cattle (100 kg. live weight)	667	490	386 [b]	444	836
Pigs [c] (100 kg. live weight)	778	655	584	680	1 116
Milk [d]	133	103	85	. .	155

Sources : Prices of agricultural products and fertilizers in Europe 1959/1960, ECE/FAO, Geneva 1960; and *Probleme economice*, No. 5, 1959, p. 81; *Zemědělská Ekonomika*, No. 2, p. 190; *A mezögazdaság eredményei 1959-ben*, p. 163.

NOTE. — In Czechoslovakia, Hungary, Poland and the Soviet Union average prices received by producers from sales to the state; and in Rumania contract prices paid by the state in some districts of the Bucharest and Suceava regions.

[a] For the Soviet Union, average prices of all grains = 100.

[b] Excluding calves.

[c] Fat pigs for the Soviet Union and lard pigs for Poland.

[d] For all countries except Poland, index numbers of prices per 100 litres. For Czechoslovakia, milk of 3.5 per cent fat content.

[e] All barley.

the price structure on levels or patterns of output in eastern Europe. The price changes during the fifties everywhere aimed at improving general incentives and also at influencing the pattern of production; but, first, they were always supplemented to some extent by more direct methods of influence or control and, secondly, other policies — such as the determination to promote co-operative farming — both influenced the price and procurement systems themselves and affected peasants' reactions to incentive measures in this field. Price policies were, of course, also influenced by other socio-economic considerations — such as views on the appropriate relation of rural to urban living standards. The remainder of the section reviews briefly the main changes in the price and procurement systems in individual countries and such indications as exist of the effects of these changes on farm incomes.

The Changes in Individual Countries

In Czechoslovakia, as is indicated by the figures in Table 22, there was a major round of farm price increases in 1953/54 — first for above-quota and contract prices and then, late in 1953 and in 1954, for compulsory-delivery prices. From 1955 to 1958 the average price level for both main categories of sales to the state changed little, though there was some tendency for the gap between them to narrow; and the continuing gentle rise in the overall farm price level seems to have been due mainly to increases in the share of output saleable at the higher prices. The narrowing of the range of state-purchase prices up to 1958 is indicated by the following figures (in Kčs per kilogramme):

	Prices from :			
	1.VI.53	*1.IX.53*	*1.V.54*	*1.I.57*
Wheat:				
Compulsory deliveries . .	0.82	1.02	1.02	1.02
Other state purchases . .	2.82	2.82	2.45	2.12
Ratio	3.4	2.8	2.4	2.1
Cattle (live weight) :				
Compulsory deliveries . .	4.8	6.4	7.1	8.5
Other state purchases . .	9.6	11.2	11.2	12.6
Ratio	2.0	1.8	1.6	1.5

Source : Úřední list ČSSR.

In 1958 price increases for above-quota deliveries of grains were announced; but in the following year a more comprehensive reform abolished the dual price system linked with compulsory deliveries and established a new series of unitary prices for state purchases of all products, effective from 1 January 1960. These changes are estimated to raise the farm price level, once they are fully effective, by 14.7 per cent above that of 1958/59; but the effect on farm incomes will be largely offset by increases in taxes, and by reductions in subsidies to co-operative farms (and possibly by increasing operating costs following the taking over of the MTS machinery by the farms).[84] The opportunity seems to have been taken thoroughly to revise the farm price structure in the light of estimated average production costs; and new regional differentials based on varying natural conditions have been introduced. The new price schedules continue the tendency, apparent since 1955 (see Table 22), to raise prices of livestock products relatively to those of crops, and the average increases over the 1958/59 level for the two branches are estimated at 15.6 per cent and 12.7 per cent respectively.[85]

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[84] It has been officially stated that substantial increases in farmers' earnings will only follow rising productivity (*Rudé Právo*, 12-16 February 1961). However, prices of electric power and of spare parts supplied to co-operative farms were reduced by 25 per cent in July 1959, prices of new tractors by 15 per cent and of other farm machinery by 30 per cent.

The relative stability of the farm price level from 1955 until this latest round of increases has been consistent with the Czechoslovak Government's policy of raising real incomes so far as possible by means of price reductions rather than through increases in money incomes; and the general level of retail prices fell by 17 per cent — and that of non-food goods alone by nearly 25 per cent — from 1953 to 1959. Prices paid by farmers for feeding-stuffs and fertilizers have remained unchanged since 1955.

The rather sparse data available for eastern Germany indicate a significant rise in prices paid to farmers since 1955 and some narrowing of the gap between compulsory-delivery and above-quota prices.

	Compulsory-delivery prices as a percentage of other state purchase prices in 1955	*Prices in 1959*		*Share of compulsory deliveries in total state purchases* [a]	
		Compulsory deliveries	*Other state purchases*	*1953*	*1959*
		(Index numbers, 1955=100)			
Wheat	51	100	117	97 [b]	91 [b]
Barley	51	127	130		
Rye	67	124	176		
Maize for grain .	66	102	125		
Oil-seeds	..	..	..	82	67
Sugar-beet . . .	67	152	150	89	93
Pigs [c]	24	144	68	59	54
Cattle [c] [d] . . .	32	177	125	72	41
Milk	25	135	78	80	41
Eggs	..	..	..	62	30

Sources : Statistical yearbooks, 1958 and 1959.

[a] Based on quantities, including deliveries by state farms.

[b] Including edible pulses.

[c] Live weight, for slaughter.

[d] Excluding calves.

Equally precise data on prices are not available for earlier years; but some reductions in compulsory-delivery quotas, as well as direct price increases, had brought about a rise in the overall price level before 1955. The share of compulsory deliveries in total state purchases in eastern Germany remains extremely high in comparison with the shares in Poland, the only other country — apart from Albania — still to maintain this system.

In Hungary, some revisions of prices and delivery quotas, particularly favourable to co-operative farms, had taken place even before the major review of policies in 1953; but prices paid by farmers were steadily raised up to 1952:

Average prices received and paid by farms in Hungary

Index numbers, 1949=100

	1950	*1951*	*1952*
Prices received by:			
State farms	91	99	99
Agricultural co-operatives	102	134	150
Individual farms: sales to state	95	107	101
free market	135	270	290
Prices paid by individual farms for:			
Producers' goods	103	116	180
Consumers' goods	112	125	172

Sources : Mezögazdasági áralakulás az 1956-1958 években, pp. 79-82 and *Áralakulás Magyarorszagon 1938-ban és 1949-1955-ben*, p. 69.

The compulsory-delivery prices established in January 1952 then remained unchanged until the system was abolished in October 1956; and the rise in the average price for such deliveries shown in Table 22 seems to have been due solely to changes in their composition. The tax element in the compulsory-delivery system seems to have been more pronounced in Hungary than in some other countries; and the margins between compulsory-delivery and other state purchase prices were very wide — for example, 60 forints and 280 forints a quintal respectively for wheat (for the 1955/56 delivery season), 52 and 240 forints for maize, 5.4 and 18-22 forints per kilogramme of live weight for slaughter pigs. The rising share of output available for higher-priced sales is, however, indicated by the more rapid rise of the index for all sales to the state than of either of its components in 1955 and 1956, as well as by the stabilization of prices on the free market.

With the abolition of compulsory deliveries in 1956 (except for payment in kind of taxes and MTS charges [86]), average state procurement prices rose sharply in Hungary in 1957; but they fell in the following years, by 7 per cent in 1958 and by about 10 per cent in 1959. Moreover, the effects of the 1957 price increases were partially offset by a rise of about 7 per cent in the prices of goods bought by farmers and by an increase in income tax on individual farmers in 1958.

The first major review of agricultural policies in Poland began with the June 1952 plenary session of the Central Committee of the Polish United Workers Party, which stressed the need to improve incentives to raise output, from private farms as well as from the socialist sector. Prices for cattle were raised considerably in that year,[87] but otherwise little positive

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[85] For further details of the range of, and changes in, prices in recent years, see ECE/FAO *Prices of Agricultural Products and Fertilizers in Europe 1959/1960*, Geneva 1960, pp. 48-52.

[86] These remain quite an important source of state procurement — more than one-fifth of the total for crops in 1958.

[87] Average prices for deliveries to the state in Poland (index numbers, 1950=100):

	1951	*1952*
Wheat	98	98
Rye	99	101
Potatoes	95	109
Pigs (meat and lard)	87	100
Cattle	100	133
Milk	109	116

Source : Statistical Yearbook 1957.

action was taken until the Party Congress of March 1954. It was then decided to stabilize compulsory-delivery quotas (restricted to grain, potatoes, milk and livestock) at the 1953 level; to widen the possibility of substituting one product for another within the overall quotas; to free small farms (up to one hectare) from compulsory deliveries of milk and livestock; and to reduce taxes and MTS charges. The second major round of reforms came after the events of 1956. This abolished compulsory deliveries of milk, and completed the abolition of compulsory deliveries from small farms (this time defined as those below 2 hectares of arable land), revised assessments so as to take more account of varying location and natural conditions, and reduced the progression of compulsory-delivery quotas and of taxation on the larger individual farms.

The increases in average state purchase prices in Poland up to 1954 (shown in Table 22) were brought about mainly by changes in prices for above-quota or contract purchases. Thereafter, the falling share of low-priced compulsory deliveries in the total became an important factor, supplemented after 1956 by a much faster rise of prices for such deliveries.[88] Prices of crop products on peasant markets seem to have been stabilized since about 1955/56, as a result of increasing supplies and the rise of state-purchase prices.

Changes in compulsory-delivery prices and in shares of compulsory deliveries in total state purchases in Poland

	Index numbers of prices		*Shares in total state purchases* [a]			
	1956 *1953=100*	1959 *1956=100*	*1954*	*1956*	*1957*	*1959*
			Percentages			
Wheat	107	200	92	68	59	60
Rye	104	244				
Barley	118	227				
Oats	95	197				
Potatoes	100	249	81	73	59	59
Sugar-beet . . .	105	119	..	..	..	..
Cattle	117	112	41	28	44	21
Calves	101	120	97	87	92	36
Pigs — A [b] . . .	110	130	51	29	16	26
Pigs — B [b] . . .	117	132	45	33	23	25
Milk	..	—	50	34	—	—

Sources : Statistical yearbooks, 1957 and 1960.

[a] Based on quantities, excluding deliveries by state farms. From 1952 to 1954 changes in shares of compulsory deliveries in the total reflected virtually only fluctuations in overall output. There was a slight fall in the shares for every product from 1954 to 1955, but the major reductions came in 1956 and 1957.

[b] A, for meat and lard; B, for bacon.

Two major stages in the modification of the procurement and price system can also be distinguished in Rumania. As a first step, in October 1953, compulsory-delivery quotas were reduced, and contractual deliveries to the state (at much higher prices) introduced for meat;[89] then in January 1954, and again in January 1955, similar reforms involving mainly lower compulsory deliveries and/or improved prices for contractual deliveries were introduced for other animal products, vegetables and technical crops. At the end of 1956, it was decided to abolish compulsory deliveries of the major crop products and milk for both co-operative and individual farms, and of meat for co-operative farms and individual farms of less than one hectare; and prices of above-quota meat deliveries were also raised. Thus the share of compulsory deliveries sharply declined and that of contractual deliveries rose (especially for animal products) during these years, but the share of sales on peasant markets, although decreasing, remained fairly high even in co-operative farms.[90] The precise effect of those changes on the farm price level cannot be estimated from the data now available; but they resulted in a sharp rise in the ratio of agricultural to industrial prices up to 1958 (see Table 22).

For Bulgaria also data on price changes are sparse. In that country, as elsewhere, central planning of cropping patterns and animal numbers was gradually modified — particularly after 1957 — and similar modification of compulsory-delivery quotas and increases in prices culminated in their abolition and the establishment of a single-price system for state purchases in 1959. From 1952 to 1959 average state purchase prices for major products appear generally to have risen by percentages ranging from 50 to 100 though there have been some even greater increases, and prices of goods bought by farmers have fallen.[91] Another round of farm-price increases has just been announced, effective from 1 January 1961. This will raise prices of nearly all animal products, by percentages ranging from 5 for milk to 20-50 (or even more) for most kinds of meat, as well as those of some other minor products.[92]

Changes in Farm Incomes

It is extremely difficult to assess the effects of the price changes described above on farmers' incomes, partly because even the concept of personal income

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[88] Even in 1955 the margins between prices on different markets were very wide, especially for grains:

	Prices per quintal in zlotys		
	Compulsory deliveries	*Above-quota deliveries*	*Free market*
Rye	62	231	307
Wheat	98	322	387
Potatoes	19	57	93

[89] In the same year tax reductions and the cancellation of arrears of deliveries due from 1952 further improved farmers' finances.

[90] Marketings of collective farms in Rumania (all products at 1955 prices):

	1953	*1955*	*1957*	*1958*
	Percentage shares			
Contractual deliveries and state purchases	34.6	40.9	64.7	66.4
Payments in kind to MTS	17.9	24.1	20.7	18.5
Compulsory deliveries	21.3	19.6	0.2	—
Sales on peasant markets	26.2	15.4	14.4	15.1

Source : Economia Romîniei între anii 1944-1959, p. 439.

[91] See also Chapter VI, p. 34.

[92] *Rabotnichesko Delo*, 4 February 1961.

in this sector is not easily definable and is, in fact, differently defined in those countries which publish any calculation. For example, the personal incomes of individual farmers normally include income which is in fact invested, whereas the personal incomes of co-operative farm members do not, and changes of ownership can thus affect the share of income-for-investment that is covered. An attempt to isolate this element in personal income has been made in Poland (see below). Whether or not to include incomes from activities outside agriculture in the concept must be a matter of choice. Differences of practice in valuing produce consumed on the farm, in a period of wide variations in prices for different types of sale and of frequent changes in the pattern of disposals of produce, may considerably affect the apparent trend of incomes.

The available data on changes in farmers' personal incomes in fact differ from country to country and are rarely sufficiently comprehensive to permit a completely clear picture of trends during the fifties. There was probably a change in the distribution of real personal income in favour of the farm population in most countries about 1953 or 1954; but only eastern Germany, where agriculture provides a particularly small share of both national income and employment, shows a similar tendency continuing up to 1958, with the private sector benefiting even more than co-operative farming (see Table 24). However, the figures in the table somewhat exaggerate the extent of the change in income distribution in favour of the farm population, since individual peasants did not receive all the increases in social benefits (such as children's allowances) that followed the abolition of consumer rationing in May 1958.[93]

TABLE 24

Monthly average earnings in agriculture and industry in eastern Germany, 1953 to 1958

Values in DM at current prices and index numbers, 1953 = 100

	Deutsche-marks 1953	Index numbers, 1953 = 100			
		1955	1956	1957	1958 [a]
Total agriculture, forestry and hydro-economy .	207	120.8	129.0	142.0	151.2
of which :					
Socialist sector	260	117.7	124.2	135.0	138.1
of which :					
State farms	272	119.5	126.5	136.4	141.9
Co-operatives . . .	104	139.4	156.7	189.4	172.1
Private sector	123	209.8	223.6	235.8	236.6
Total industry	344	112.2	115.1	118.9	122.4
of which :					
Socialist sector [b] . . .	362	111.3	113.8	116.8	120.4
Private sector	261	116.1	119.5	124.9	128.7

Source : Statistical yearbooks.

[a] Provisional results: publication of the series was discontinued before the final results for 1958 had been published.

[b] A new series of index numbers of earnings in socialist industry and in state farms, first published in *Statistisches Jahrbuch 1959*, shows the following trends (1955 = 100):

	1956	*1957*	*1958*	*1959*
Socialist industry	103.1	105.4	113.6	121.3
State farms	105.5	117.4	129.5	138.5

For the other highly industrialized country of the area — Czechoslovakia — the data are particularly

TABLE 25

Per capita real incomes from agriculture [a] and incomes of wage earners in Hungary, 1950 and 1958

Values in forints at 1954 prices, shares and index numbers

Source of income	Per capita value in 1950	Percentage shares		Index numbers, 1950 = 100							
		1950	1958	1951	1952 [b]	1953	1954	1955	1956	1957	1958
Net cash income from agriculture [c]	1 837	33	35	100	74	90	103	131	144	140	131
Produce consumed on farms	3 337	60	53	112	106	84	90	95	96	105	109
Net change in stocks (*percentage of total agriculture and wage income*)	*—78*	*—1*	*0*	*8*	*—48*	*14*	*7*	*3*	*—5*	*5*	*0*
Real personal income from agriculture	5 136	92	88	119	63	104	105	113	108	126	118
Ratio of co-operative farmers' incomes to the average (*percentages*)	. .	. .	. .	*75*	*78*	*80*	*91*	*86*	*105*	*105*	*105*
Wage incomes	447	8	12	81	88	121	138	140	160	174	188
Real agricultural and wage income of farm population [d]	5 583	100	100	116	65	105	108	116	112	130	123
Real income of wage-earners	7 589	—	—	96	85	88	112	118	126	145	152

Sources : A lakosság jövedelme és fogyasztása (reálbérek — reáljövedelmek), 1957, pp. 14-15, 28-29, 91; *A parasztság jövedelme és fogyasztása, a mezögazdasági termelés értéké*, 1958, pp. 9, 10, 13, 24, 27, 30, 39; *Adatok és adalékok a magyar népgazdaság fejlödésének tanulmányozásához, 1949-1955*, pp. 395, 406.

[a] Excluding workers on state farms.

[b] Gross output of agriculture was 24 per cent lower in 1952 than in the previous year.

[c] Including receipts from sales to the state and on peasant markets, labour-day dividends, receipts from horse transport, etc. Receipts from sales to the state (including advance payments) were as follows :

Million forints at current prices

1955	*1956*	*1957*	*1958*	*1959*	*1960*
9 428	9 458	12 091	11 736	11 366	8 659

[d] Current income (i.e. consumption *plus* increase, or *minus* decrease in stocks).

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[93] See the *Economic Bulletin for Europe*, Vol. 10, No. 2, pp. 9-11.

exiguous. Money incomes of peasants were stated to have risen by 64 per cent from 1953 to 1956, but no subsequent estimate has been published.[93a] The average labour-day dividend paid in cash rose from Kčs 11.9 in 1953 to Kčs 16 in 1956 and 1957, but then fell to Kčs 13.2 in 1959; but this was, of course, a relatively small part of total peasant income up to that year. However, these indications, combined with the rather slow growth of output and rise of farm prices in recent years suggest that the main increase in peasants' real incomes occurred before 1956, and that the subsequent improvement may have been small.

The data for Hungary show the rise of per capita real income from agriculture consistently lagging behind that of wages (see Table 25); and output per active worker in both individual farming and co-operative farms rose faster than per capita income from farming (see also Table 17). Co-operative farm families improved their position during the period, their per capita real income from farming rising from one-quarter below the average in 1951 to above it after 1956;[94] and this reflects both more rapidly rising output per gainfully employed worker in co-operative farming than in the individual farms and special concessions to the co-operative farms in the form of subsidies, remission of taxes and reduction of MTS charges. However, the most striking element in the growth of per capita income of farm families, as shown in Table 25, is the increasing contribution of wage income from activity outside agriculture, which in fact contributed the greater part of the increment from 1951-1952 to 1958. This tendency has probably continued since 1958 thus offsetting the effects on family income of the stabilization of centrally generated income from farming.[95]

For Poland, comprehensive data are available only for the years 1955 to 1958 (see Table 26). The rise in net farm income during these years has been very large — 42 per cent — but investment (including additions to livestock) out of current income has nearly trebled. Aggregate peasant income in real terms is estimated to have risen by 26 per cent (the rise per capita would be about the same) and real consumption by 23 per cent, neither figure being very different from the 25 per cent rise in per capita real wages. In the two subsequent years the distribution of personal income seems to have changed somewhat in favour of the peasants. Real per capita wages in the socialist sector are stated to have risen by 29 per cent from 1955 to 1960 and real peasant income used for consumption in the same proportion.[96] Since the share of peasant income devoted to investment is known to have been

TABLE 26

Peasant incomes from agricultural activities in Poland, 1955 to 1958

Billions of zlotys and, in italics, index numbers, 1955=100

	1955	1956	1957	1958
Gross cash income [a]	39.9	47.2	56.9	65.4
	100	*118*	*143*	*164*
of which :				
From sales	35.5	41.7	50.6	57.8
	100	*117*	*143*	*163*
of which :				
From sales to the state and other socialist agencies	27.4	32.7	41.2	48.4
	100	*119*	*150*	*177*
State credits and insurance receipts	4.4	4.5	6.3	7.6
Money expenditure [a]	17.2	18.2	21.1	25.7
	100	*106*	*123*	*149*
of which :				
Taxes and fees	4.6	4.2	4.7	5.9
Credit repayments and insurance premia	4.0	4.4	5.3	6.7
Productive expenditure	8.6	9.6	11.1	13.2
Net cash income [b]	22.7	29.0	35.8	39.7
	100	*128*	*158*	*175*
Total net income	54.7	65.8	72.6	77.7
	100	*120*	*133*	*142*
of which :				
Used for investment	1.8	2.4	5.2	6.9
Increase in livestock	0.8	1.5	1.8	1.2
Used for consumption [c]	52.1	61.9	65.5	70.6
of which : in kind [d]	29.6	33.5	34.2	36.1
Prices:				
Consumer goods	*100*	*99*	*104*	*106*
Investment goods	*100*	*106*	*147*	*153*
Aggregate real incomes of peasants	*100*	*115*	*122*	*126*
of which :				
Used for investment	*100*	*129*	*203*	*217*
Used for consumption [c]	*100*	*113*	*118*	*123*
of which : in kind [d]	*100*	*103*	*106*	*108*
Real per capita wages in the socialist sector	*100*	*111.6*	*120.8*	*124.8*

Sources : Special Paper on Peasant Real Incomes enclosed with the Statistical Bulletin No. 2, 1959; and Statistical Yearbook 1960.

[a] Sum of sub-items.

[b] Obtained as the difference between gross cash income and money expenditure.

[c] Including changes in cash holdings.

[d] Valued at above-quota prices paid by the state to agricultural producers.

[93a] SURVEY for 1956, Chapter I, p. 22, footnote 54.

[94] Moreover, wage income from non-agricultural activity added 1,560 forints to the income of the average co-operative farm family in 1956 and only 760 forints to that of the average family on the individual farm.

[95] In 1958 and 1959 the outflow of gainfully employed workers from agriculture amounted to 165,000 (8 per cent), many of whom probably continued to live with their families on the farms.

[96] Report on fulfilment of the Five-year Plan 1956-1960, *Trybuna Ludu*, 9 February 1961.

TABLE 27

Agricultural producers' incomes and incomes of wage-earners in Rumania, 1950 to 1958

Values in millions of lei and index numbers, 1950 = 100

	1950	1954	1955	1956	1957	1958
Gross cash receipts				*Million lei*		
From sales to the state and trade co-operatives	2 000 [a]	4 300 [a]	5 800	6 050 [a]	6 000 [a]	8 000
From sales on peasant markets [b]	3 400 [a]	5 200 [a]	5 600	6 150	6 100	6 800
Total gross cash receipts	5 400	9 500	11 400	12 200	12 100	14 800
				Index numbers, 1950=100		
Total gross cash receipts	100	176	211	226	224	274
Real per capita incomes						
Of farmers	100	139	..	143	..	159
Of wage-earners	100	..	125	135	151	157

Sources : For sales to the state, Mr. Gheorghiu-Dej's speeches in *Scinteia*, 16 July 1959 and 21 June 1960 and *Scinteia*, 16 February 1961. For sales on peasant markets, *Dezvoltarea economiei R.P.R. pe drumul socialismului 1948-1957*, p. 347, and *Economia Romîniei 1944-1959*, p. 516. For farmers' real incomes, article by M. Levente, *Revista de Statistică*, Nos. 5-6, 1960, p. 24. For wage-earners' real incomes, *Anuarul statistic al R.P.R. 1960*, p. 106.

NOTE. — Additional data available include: index number of real per capita income of farmers in 1952 — 107; gross cash receipts from sales to the state and trade co-operatives in 1959 and 1960 — 7.500 million lei and 9,500 million lei respectively; index number of real per capita income of wage-earners in 1959 — 166.

[a] Data derived from index numbers given in *Economia Romîniei 1944-1959*, p. 377; *Probleme Economice*, No. 8, 1959, p. 159 and No. 12, 1959, p. 64.

[b] Only producers' direct sales on peasant markets, except in 1950, when about two-thirds of private trade sales were also included. These sales, consisting mainly of food, such as fruit and vegetables, have been as follows (in million lei): *1950*, 1,600; *1954*, 800; *1955*, 800; *1956*, 900; *1957*, 600; *1958*, 400; *1959*, 150.

steadily rising, the increase in total real income must have been above 29 per cent.

Among the least industrialized countries of the area, data on peasant incomes in Bulgaria are exiguous, but the available indicators are reviewed in Chapter VI.[97] Average per capita labour-day income in cash and in kind rose from 1,963 leva in 1953 to 3,511 leva in 1958.[98] Falling prices of industrial goods must have raised the real value of this increase, but the real value of output from private plots is estimated to have fallen slightly from 1,403 leva to 1,362 leva, at constant prices, over the same period. Money wages in MTS and state farms rose by 61 per cent and 36 per cent respectively. Clearly real per capita incomes from farming have risen during these years; whether they have risen as much as the estimated 55 per cent increase in average real wages seems doubtful.

The large increases in farmers' gross cash receipts in Rumania seem to have occurred in 1954-1955 and again in 1958, when the rise in incomes reflected, *inter alia*, the abolition of compulsory deliveries in the previous year. Receipts from sales to the state have risen much faster than those from peasant markets, as was to be expected; but it seems that the volume of sales on peasant markets must have continued to rise up to 1958 since prices are known to have fallen at least in 1955 and 1957 (see Table 27). Despite some fall in the prices of goods bought by farmers, real per capita incomes are estimated to have risen much less than cash incomes during the fifties, implying a relatively small growth of income in kind.[99] Farmers' real incomes rose faster than those of wage-earners from 1950 to 1954/55; but thereafter the rise has been slower and the gap is probably now again about the same as it was in 1950.

4. TRADE IN AGRICULTURAL PRODUCTS IN EASTERN EUROPE AND THE SOVIET UNION

The eastern European countries and the Soviet Union constitute an area virtually self-sufficient in food supplies at present levels of consumption, except for those, mainly tropical, foods and beverages which it is practically impossible to produce in the area. This is not to say that the trade in agricultural products of individual countries is negligible. Czechoslovakia and eastern Germany are both substantial importers of foodstuffs, to the extent of about 25 per cent of the total import bill in the late fifties; exports are particularly important to Bulgaria and Hungary; Poland has a fairly significant trade in both directions (see Table 28). The figures in the table understate the growth in the volume of this trade during the fifties, since this was a period in which prices of primary products fell. Other evidence of a rising volume of trade is contained in Table 30 below.

The share of exports in total agricultural output has certainly risen in Bulgaria, Hungary — which are net exporters of foodstuffs — and Poland; and all coun-

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[97] See pp. 34-35 and 39.

[98] The basis of valuation of income in kind is unknown.

[99] The basis of valuation of income in kind is unknown.

TABLE 28

Total external trade and trade in foodstuffs and other agricultural products of five eastern European countries and the Soviet Union, annual averages 1950-1952 and 1957-1959

Values in millions of current dollars

		Average 1950-1952			Average 1957-1959		
		Imports	Exports	Balance	Imports	Exports	Balance
Bulgaria	Total	158 [a]	171 [a]	+ 13 [a]	473 [b]	420 [b]	−53 [b]
	Foodstuffs and tobacco	3 [a]	113 [a]	+110 [a]	15 [b] *	164 [b] *	+149 [b] *
Czechoslovakia	Total	804	833	+29	1 449	1 533	+84
	Foodstuffs	219	106	−113	340	105	−235
Eastern Germany	Total	617	619	+2	1 680 [c]	1 880 [c]	+200 [c]
	Foodstuffs	217	35	−182	470 [c]	80 [c]	−390 [c]
Hungary	Total	384	389	+5	701	645	−56
	Foodstuffs	22	138	+116	67	137	+70
Poland	Total	818	722	−96	1 299	1 060	−239
	Foodstuffs	86	141	+55	198	170	−28
		Average 1955-1956					
Soviet Union	Total	3 337	3 529	+192	4 454	4 707	+253
	Foodstuffs	603	379	−224	604	719	+115
	Tobacco and fibres	193	349	+156	346	312	−34

Sources : National statistics; and direct communication from the Bulgarian Government. [a] 1952. [b] 1958-1959. [c] 1958.

tries have increased the share of imports in their total food consumption though this is negligible for Bulgaria. In the Soviet Union, however, most of this increase seems to have occurred fairly early, during 1954-1955; between 1955-1956 and 1957-1959 imports remained unchanged in value, though probably rising slightly in volume, while the value of exports rose by about 90 per cent. On the other hand, the value of Soviet exports of fibres and tobacco fell slightly, while imports rose by 80 per cent.

The Soviet Union

A more detailed examination of Soviet trade in agricultural products from 1955 to 1959 reveals the following pattern:

Imports (I) as a percentage of apparent consumption and exports (E) as a percentage of output

	1955-1956	*1957*	*1958*	*1959*
Grains — E	4.0	4.7	5.0	5.2
Meat and meat products — I	3.3	1.6	2.0	1.3
E	0.3	1.0	0.5	2.0
Sugar — I	14.7	13.0	6.8	5.2
Oil-seeds — I	15.7	18.4	9.8	17.7
Vegetables — I	0.4	0.8	0.9	1.4
Fruits — I	4.0	4.2	6.1	5.5
Cotton — I	3.2	8.9	11.0	14.5
E	22.8	22.3	21.3	23.5
Wool — I	25.4	26.4	23.8	22.8

Source and notes : Appendix Table XIX.

The grain trade consists mainly of exports of 1-2 million tons a year to "western" markets and 4-6 million tons to eastern Europe, the latter varying with the timing and magnitude of harvest fluctuations. Meat exports go entirely to eastern Europe and imports come mainly, though not exclusively, from the Asian countries of centrally planned economy, and imports of oil-seeds are drawn exclusively from the latter countries; imports of sugar in 1958-1959 were divided fairly equally between eastern Europe and "western" countries overseas; fruits and vegetables come mainly from eastern Europe and Asia; imports of wool are divided between the Asian planned economies and "western" countries. The cotton trade consists of exports to eastern Europe and imports from "western" countries overseas.

Soviet trade with the less industrialized "western" countries overseas is reviewed in Chapter V, section 2. About 10 per cent of the total value of Soviet imports of foodstuffs is drawn from such countries, together with significant quantities of other agricultural products such as fibres and rubber. Plans so far published suggest an intention to reduce Soviet dependence on imports, at least of those products now drawn from outside the eastern trade area which it is physically possible to produce in the Soviet Union — such as tea, rice, hides, cotton, wool and jute. But consumption and imports of coffee, cocoa and tropical fruit seem likely to rise steadily, together with imports of some

TABLE 29

State procurements and exports of grain in the Soviet Union 1958-1960 and plans for the near future

Thousands of tons

	State procurements			Exports	
	1958	1960	Necessary [a]	1958/59	1959/60
All grain	56 871	46 716	68 800	7 108	6 488
Wheat	42 130	30 696	40 524	5 913	5 520
Rye	..	5 782	6 224	444	715
Buckwheat and millet	..	1 343	2 343	..	..
Pulses	..	344	508	..	..
Rice [b]	..	64	1 000	—	—
Maize	..	2 228	9 828	201	67
Barley	..	3 735	4 914	335	94
Other	..	2 523	3 456	215 [c]	93 [c]

Sources : *Selskoe khozyaistvo* 1960; speech by Mr. Khrushchev reported in *Izvestia*, 21 January 1961, and direct communication from the Soviet Government.

NOTE. — Procurements of all grains in 1959 were 46,634,000 tons and of wheat alone 34,161,000 tons.

[a] Described as the quantities necessary for full satisfaction of all requirements in the next few years.

[b] Imports of rice amounted to 500,000 tons in 1958 and 689,000 tons in 1959.

[c] Oats only.

foodstuffs — particularly fruits and vegetables — from eastern Europe (see below).

It is apparently not the intention to develop significantly larger exports of grains from the Soviet Union. As can be seen from the figures in Table 29, the procurements of wheat considered "necessary" in the next few years are 1½ million tons below the level reached in 1958, which provided nearly 6 million tons for export. The planned rise in procurements of buckwheat and millet is destined for domestic consumption and the more than quadrupling of maize procurements is linked with plans to raise animal production very rapidly. However, the planned increase is so large that it might well provide increasing, though marginal, quantities for export in good years.

Eastern Europe

The flows of trade in the major foodstuffs in eastern Europe are summarized in Table 30, from which it can be seen that the volume has tended to rise. As in the Soviet Union, imports of foodstuffs from the less industrialized "western" countries are about 10 per cent of the total.

The two main food importers — Czechoslovakia and eastern Germany — both import about a quarter of their total requirements of grain, mainly from the Soviet Union. Imports of meat are somewhat larger in eastern Germany, though insignificantly higher per capita, than in Czechoslovakia; and in the latter country they supply about 10 per cent of consumption. Eastern Germany, in particular, is a large importer of fruits and vegetables; but Czechoslovakia also takes significant quantities. Both countries export sugar — largely to the Soviet Union in the case of Czechoslovakia — to the extent of a quarter to a half of their total output, depending on the crop. Czechoslovakia also exports half its total production of malt.[100]

Poland is a regular importer of grain (7-12 per cent of consumption) and also imports oil-seeds and oils, though not in very large quantities. Meat exports (excluding live pigs), largely to western Europe, regularly absorb 6-7 per cent of output; exports of sugar, largely to the Soviet Union and western Europe, take 20-30 per cent of output except in very bad years. Exports of butter and eggs to western Europe, and of butter to the Soviet Union, have been built up recently to levels which absorbed over 25 per cent of output of butter and 12 per cent of eggs in 1958-1959.[101]

Among the more specialized food exporters, Hungary has a small trade in grains in both directions. Exports of live animals and meat have fluctuated, but have been built up to about 10 per cent of output in recent years, divided fairly evenly between western and eastern European markets; and livestock products now contribute about half of all exports of foodstuffs. The

TABLE 30

Trade in selected agricultural products of five eastern European countries [a]

Thousands of tons

Commodity	1953-1956 [b] average	1957	1958	1959
Exports				
Meat	139	132	147	167
Eggs (*millions*)	742	694	824	1 106
Sugar	800	367	808	1 049
Imports				
Grain	3 928	6 468	4 452	5 997
Meat	123	160	128	295
Oil-seeds (*oil equivalent*)	349	558	398	356
Edible vegetable oils	108	114	138	175

Sources : National statistics and direct communications from governments.

[a] For exports: Meat and eggs: Bulgaria, Hungary and Poland; sugar: Bulgaria, Czechoslovakia, eastern Germany, Hungary and Poland.
For imports: Grain: Bulgaria, Czechoslovakia, eastern Germany, Hungary and Poland; meat: Czechoslovakia and eastern Germany; oil-seeds and edible vegetable oils: Czechoslovakia, eastern Germany and Poland.

For Bulgaria average 1955-1956.

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[100] For details, see Appendix Table XX.

[101] For details, see Appendix Table XX; the percentage for butter refers only to industrial output.

Soviet Union and western Europe provide a market for about 20 per cent of the apples grown. Exports of wine to eastern Europe and the Soviet Union, and increasingly to western Europe, reached a level equal to 30 per cent of total state purchases in 1959. Over 60 per cent of output of sunflower-seed oil was exported in 1958-1959, largely to western Europe, 15 per cent of sugar production and about 10 per cent of eggs.[102]

Bulgarian exports include fresh fruit, vegetables and tobacco, sent mainly to eastern Europe and the Soviet Union, tobacco exports absorbing 55-65 per cent of output; about 10 per cent of sugar production is exported, 12-15 per cent of meat output (including exports of live pigs), and 20-30 per cent of all eggs produced, these divided between eastern and western European markets.[103]

For Rumania, data on trade by commodities (but without regional breakdown) are available for 1958 and 1959. In these two years exports of grain averaged about 350,000 tons, of meat 10,500 tons, of fresh and tinned vegetables and fruit (including grapes) 25,000 and 127,000 tons respectively. The share of exports in output of all these products varies between 2-3 per cent (for meat) and about 5 per cent (for fruit).

Thus, of the countries discussed above, Czechoslovakia and eastern Germany are the only two significant importers of grains and meat; for the others self-sufficiency with marginal exports is the rule, and this seems to be true of milk products also. A specialized trade among these countries and the Soviet Union (and to some extent trade with other countries also) exists in fruits, vegetables, wine, eggs and tobacco and promises to increase.

The Possibilities of Further Specialization

However, there seems to be little likelihood of a greatly intensified specialization affecting agricultural output and trade in agricultural products in eastern Europe and the Soviet Union in the near future. The current long-term plans all call for rapid increases in farm output (see section 5); and the general tendency, not only in the Soviet Union but in other countries also, seems to be to aim at reducing import dependence, at least for basic products. Thus in Czechoslovakia it is planned to decrease the share of imports in apparent consumption of bread grain from 32 per cent in 1959 to 26 per cent in 1965, of coarse grain from 18 per cent to about 7 per cent and of meat from 10 per cent to 8 per cent.[104] In eastern Germany the resolution adopted at the eighth session of the

TABLE 31

Output of fruit and vegetables in CMEA countries, 1958 and 1965 Plan

Thousands of tons

Country	Fruit (excluding grapes)		Grapes		Vegetables (excluding potatoes)		*of which :* Tomatoes	
	1958	1965 Plan	1958	1965 Plan	1958	1965 Plan	1958	1965 Plan
Albania	..	100	..	88	100	212	..	47
Bulgaria	477	1 948	888	1 989	1 113	2 748	464	1 545
Czechoslovakia	805	980	95	111	1 065	1 435	64	94
Eastern Germany	1 081	1 110	..	..	1 580	1 750	31	80
Hungary	493	580	890	810 [a]	794	1 200	151	311
Poland	900	1 127	..	..	2 887	3 851	221	416
Rumania	950	1 700 [a]	1 169	1 400	1 600	3 300	300	735
Total eastern Europe	4 706 [b]	7 445 [b]	3 042 [c]	4 310 [c]	9 139	14 496	1 231 [b]	3 181 [b]
Soviet Union	3 656	7 210	1 544	6 400	14 355	30 041	1 760	4 100
Total CMEA countries	8 362 [b]	14 655 [b]	4 586 [c]	10 710 [c]	23 494	44 537	2 991 [b]	7 281 [b]

Source : Article by A. Kadrinov, Secretary of the CMEA Permanent Commission on economic and scientific technical co-operation in agriculture, *Mezhdunarodnyi selskokhozyaistvennyi zhurnal*, No. 3, 1960, pp. 3-14. In some cases data for 1958 have been corrected to accord with more recent information given in national statistics.

[a] Plan targets as indicated by national sources.

[b] Excluding Albania.

[c] Excluding Albania, eastern Germany and Poland.

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[102] For details, see Appendix Table XX; the percentage for butter refers only to industrial output.

[103] *Ibid.*

[104] Moreover it has been stated that some export surpluses of grains and meat might be produced " within the next 5-10 years ". (*Hospodářské Noviny*, No. 49, 1960.)

Central Committee of the Socialist Unity Party stated as one of the main tasks of the agricultural programme the increase of marketings of livestock products so as to ensure that the country's total requirements of eggs and poultry be met from home production in 1962, of meat in 1963 and of milk and butter in 1964. The tendency to reduce dependence on imports from outside the CMEA area of raw materials of agricultural origin has already been mentioned, and the indications of plans in this field are reviewed in Chapter V, section 2.

The question arises whether it would be not more rational, in economic terms, to plan for a wider division of labour and for a greater reliance on imports of foodstuffs, at least in countries such as Czechoslovakia and eastern Germany. These two countries are already highly industrialized; they are short of labour in agriculture, and past experience suggests that higher farm output will be achieved only at a cost of rising inputs — which might well bring larger returns in other uses. For the CMEA area as a whole, plans to reduce imports of products such as cotton, wool and hides by investing in capacity for production of synthetic substitutes may well raise similar doubts.

However, two factors probably encourage planning tending to promote area, and even national, self-sufficiency at the present time. First, all countries — except perhaps the Soviet Union — have long faced problems in balancing their trade accounts with countries outside the CMEA area, and they can foresee fairly steeply rising import needs in the future. Thus all plans tend to have an import-saving bias, partly as a safety factor. Secondly, although Czechoslovakia and eastern Germany might well be willing to rely on imports of grains and meat from other countries within the area, past experience would not encourage certainty that these latter countries can soon raise farm output much faster than will be required to satisfy their own rising needs and their plans for exporting higher-value products to other markets. Their possibilities of increasing yields, and efficiency generally, are immense; but to do so will require large inputs and, in some cases, continuing improvements in organization and incentives.

Nevertheless, Albania, Bulgaria, Hungary, Poland and Rumania all plan to raise exports of foodstuffs in future — by 43 per cent between 1958 and 1965 in Hungary and by 50 per cent from 1960 to 1965 in Poland.[105] A considerable part of the increment is intended for other countries of the area in most cases; and plans for the expansion of intra-trade in fruit, vegetables and selected seeds have already been co-ordinated within the CMEA. As can be seen from the figures in Table 31 output of fruits and vegetables is planned to rise much faster in Albania, Bulgaria, Hungary and Rumania than in other eastern European countries, and exports are expected to be greatly expanded, particularly to eastern Germany, Czechoslovakia and the Soviet Union (despite that country's own rapid increase of production). Exports from Bulgaria alone are planned to double between 1958 and 1965.

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[105] According to the revised Plan Directives (*Nowe drogi*, No. 7, 1960, p. 28).

5. CURRENT DEVELOPMENTS AND THE LONG-TERM PLANS

The Long-term Plans

The agricultural targets of the long-term plans, as known at the end of 1959, were reviewed in the last SURVEY; and the new plans for Rumania and Albania since published, together with some revisions of earlier plans for other countries, are here reviewed in Chapters II and VI.[106] In all countries, the targets set for 1965 call for an acceleration of past rates of growth of output, though to a lesser extent in Hungary and Poland — and in Czechoslovakia for animal products — than elsewhere (see Table 32). The aim of the plans, as noted in the preceding section, is in general to attain or preserve virtual self-sufficiency in supplies of basic foods, such as cereals, meat and milk products, while everywhere raising consumption standards and in some countries raising exports.

Consumption levels and targets mentioned in official statements in the Soviet Union have not been sufficiently clearly defined to permit figures to be included in the table overleaf on the same basis as for other countries. However, improvements of the quality of the diet are planned additional to those indicated below, though to a level still beneath what is considered to be the nutritional optimum.[107] In eastern Germany it is planned to raise per capita consumption of cocoa products to more than twice the 1958 level by 1965 and consumption of coffee and tropical fruits nearly three times, and increases of about 25 per cent in fruit consumption are planned in Czechoslovakia and Poland.

The improvements planned in consumption of the higher-quality foods are everywhere considerable, the individual targets so far published being as follows (in kilogrammes per head per year).

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[106] SURVEY for 1959, Chapter III, pp. 37-43, and this SURVEY, Chapter II, section 5, and Chapter VI, pp. 15-16.

[107] See the SURVEY for 1959, Chapter III, pp. 50-51.

most unlikely to fill more than two-thirds of the export gap. The remaining third, i.e. at least $15 billion by 1980, will have to take the form of manufactures, including the value-added by processing of materials.

This should not be an impossible task, given enough determination in the developing countries and co-operation by those that are already industrialized. If the developing countries (in their intra-trade) and those of the eastern trading area jointly absorb one-third of these exports of manufactures, and the developed countries outside Europe (North America, Japan, Oceania) take another third, western Europe will need to expand its imports of manufactures from the developing countries to (say) $5 billion in 1980. If western Europe achieves the targets of domestic economic growth to which it now looks forward, these $5 billion will represent only about 2 per cent of the *increase* in domestic western European demand for manufactures that will occur in the next 20 years.

But the task will be accomplished only if the countries of western Europe appreciate its magnitude and begin now the necessary adjustment of their commercial policies and domestic industrial structure. The need for action is urgent, for several reasons. First, freer access to European markets for processed materials and manufactures is necessary in the next few years for many developing countries — not least for India, the largest and poorest of them all. Second, no developing country will embark on the effort of building up export industries unless it feels reasonably sure that the necessary markets will not be closed to it when it has the goods to sell. Third, the developed countries will not, in fact, find it practicable to liberalize their commercial policies, unless they adjust their domestic industrial development to the prospect of an increasing exchange of their own products, chiefly capital goods, for the manufactures, chiefly products of industries requiring relatively little capital or advanced technology, of the developing countries; this process of adjustment must be gradual and prepared well in advance. Finally, the time seems ripe for action now, inasmuch as the countries of western Europe, in their schemes of economic integration, are already engaged in far-reaching adaptation of their pattern of industrial development.

In the countries of eastern Europe and the Soviet Union also, the present might seem a favourable time to consider a reorientation of economic and trade policies with the trade needs of the less developed countries in mind. The first industrial base in the former countries has been completed, and a more complicated pattern of economic aims is now being set, in which the raising of personal consumption standards has a higher priority than in the past. Even without fundamentally modifying their policies of assuring that supplies of vital materials, basic foodstuffs and equipment are largely provided by capacity within the CMEA area, these countries could easily plan to meet a considerable proportion of their subsidiary needs through foreign trade; and the resulting increase in the degree of specialization of their production could benefit them as well as the less developed countries. Should policies regarding supplies of basic raw materials, etc. be similarly modified the potential economic gain could be even greater.

The natural assumption that the developing countries might find a relatively easy road to export expansion in higher degrees of domestic processing of their raw materials for export has been found to need much qualification. Demand prospects for processed materials are often little more favourable than for their crude equivalents, while the value-added in processing is frequently small. In some cases, the absence of a local market for by-products would place processing industries in the less developed countries at a competitive disadvantage vis-à-vis corresponding industries in the developed countries.

The relatively limited opportunities for expanding exports of primary and processed commodities make it essential for the developing countries to build up industries exporting finished manufactures. So far, few of them (though they include some of the largest) have reached a stage of industrialization at which they export large quantities of manufactures; and it is particularly unfortunate that this development should mainly have taken place in industries such as textiles and clothing, for which demand prospects in the industrialized countries are relatively unfavourable. Moreover, the important branch of cotton textiles is also exposed to adverse technological change — the competition of synthetic fibres. It is clear that the developing countries will need to orient their industrial development for export, as far as possible, towards products less subject to these handicaps.

The review of western European commercial policies confirms the need for the developing countries to reduce their dependence on traditional primary-product exports, since the markets for these commodities cannot be greatly enlarged even by liberalization of western European policies. Industrial materials are already accorded liberal treatment in most of these countries, so that there is little scope for reduction in tariffs and other obstacles to trade. In respect of temperate zone agricultural products, a revision of the highly restrictive agricultural policies pursued by most western European countries cannot be counted upon to give much help to the developing countries. Any expansion of western European imports would mainly benefit, apart from a few countries in a North Africand Latin America, the already developed countries in North America and Oceania.

Western European policies towards imports of tropical foodstuffs, on the other hand, affect a large number of countries which are among the poorest and least developed in the world. They could be helped by more liberal treatment in excise taxation and mixing regulations, which in several western European countries at present depress demand for their products. Similarly, there may be a case for reconsidering the high tariffs levied by certain countries on some tropical products, and in particular the external tariff envisaged by EEC countries which, while benefiting certain less-developed countries in Africa, is liable to have serious adverse effects on a number of equally poor or poorer countries not associated with the Community. All such modifications of policy in relation to tropical foodstuffs, however, would bring only a once-for-all gain and could not significantly improve the long-term export prospects of the less developed countries.

Apart from capital aid, the western European countries can best assist the developing countries by according more liberal treatment to their exports of manufactures. If such liberal treatment is to help the more advanced of the industrializing countries in the near future, and to stimulate all of them to devote part of their scarce capital resources to the development of industries exporting manufactures, it is essential that it includes both a range of short-term measures and a broad policy for the longer run.

As a minimum token of the spirit in which they would approach the problem and give some immediate practical help, the countries of western Europe[121] should urgently consider the following measures to liberalize their commercial policies:

(*a*) The inordinately high customs tariffs of some western European countries on certain processed materials (such as cocoa powder, paste, etc.) and some finished manufactures (such as textiles and leather goods) should be reduced.

(*b*) Every effort should be made to dispense as soon as possible with formal discriminatory import restrictions imposed on manufactures from Japan and Hong Kong. Although Japan is not an under-developed country, the treatment accorded to its exports by the developed countries is bound to be construed by the developing countries as evidence of the treatment their own exports can expect in future.

(*c*) Similarly, informal restrictions on imports of "cheap labour" manufactures maintained by some developed countries should be reviewed and determined efforts made, by domestic measures to facilitate the movement of resources out of uncompetitive domestic industries, to hasten their removal.

(*d*) Closer attention should be paid to the trade needs of developing countries in the elaboration of the EEC and EFTA integration schemes. In particular, preferential treatment to associated territories should be designed to benefit their long-run economic development and industrialization, not merely their short-term export prospects for traditional commodities.

The developed countries of western Europe could, with advantage, go further. In the immediate future, exports of manufactures from the developing countries, with the possible exception of cotton textiles, jute and some lines of clothing, will not represent a significant threat of competition to the manufacturing industries of the highly industrialized countries of the world. Such exports at present constitute a minute proportion of western European imports of manufactures from all sources, including intra-western European trade; and *a fortiori* in relation to western European industrial production. It is not, therefore, paradoxical to argue that, if the western European countries want to help the developing countries, they could do so, without significant risk to their own industries in the short run, by abolishing all customs tariffs and other obstacles to imports of manufactures from the developing countries. Few of the developing countries would be able to take advantage of such a move for some years to come (for few of them have any manufacturing industries which will compete in western European markets); but the resulting stimulus to industrialization and economic development might be worth more to them than much aid in the form of capital loans or grants.

Even such liberal treatment would be unlikely to change radically the general tendency for industrialization in under-developed countries to aim primarily at import substitution rather than at export of manufactures. However "uneconomic" a project for domestic production of goods previously imported may be, it will often seem less risky than one aiming at export production. Production of commodities to replace imports finds a ready market which is, or may be, protected from foreign competition by high transport costs, by customs tariffs or by quantitative restrictions. Production for export not only requires basic competitiveness, but also poses the formidable task of breaking into export markets, while running the risk that these markets may disappear overnight through the imposition of trade barriers. There is also substance in the argument that, in some fields (e.g. production of fertilizers), import-replacing industries give a greater stimulus to domestic economic development through external economies than industries producing mainly for export.

On the other hand, the burden of the argument of this chapter is that, sooner or later, most of the developing countries must begin producing manufactures for export if they are to earn the minimum amounts the Ministry of Finance and the Ministry of Agriculture of the USSR, in planning the development of agriculture, do not carry out the appropriate balance co-ordination between the planned rise in agricultural output, its material-technical basis and the financial resources ".[113]

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[121] While the analysis in this chapter has been concerned mainly with commercial policies in western Europe, the policy conclusions apply, *mutatis mutandis*, with no less force to developed countries outside Europe, and in particular the United States.

The widespread inefficiency of use of existing resources was also stressed, and attention drawn again to the need for improvements in fields frequently mentioned in the past. Examples included the needs to reduce the area under summer fallow in the regions with sufficient humidity and to increase it in the semi-arid regions of the East, to introduce scientifically recommended crop rotation systems, to use more selected seeds in good condition (dried and clean of weeds) at the time of seeding, to increase yields and output of maize and other fodder crops.[114] Important increases in output of animal products could be obtained, it was pointed out, not only by raising yields per animal (through better feeding practices, selective breeding, etc.), but also by raising numbers, especially of cows; but heavy slaughterings of young animals and insufficient winter housing were frequently reported to have brought about declines in herds.[115] More general problems of organization and management were also discussed, leading to the organizational changes mentioned below.

The resolution of the Plenum announced that measures were being worked out which would permit increases above the levels initially foreseen in the Seven-year Plan in the output of agricultural machinery and mineral fertilizers and in agricultural investment — especially during 1961-1963. Some increases in supplies to agriculture had already been decreed in May 1960 (for example, 354,000 tractors, 140,000 grain combines, 108,000 maize-harvesting and ensilaging combines, 10,000 cotton-picking machines, more than initially foreseen for delivery during 1961-1965 [116]) together with an upward revision of plans for state investment; [117] but the discussions in the recent Plenum seem to foreshadow still greater changes.[118] Their magnitude is not yet clear; but the announced aim of " creating the conditions which would permit agriculture to become independent of the caprices of nature ",[119] has already been stated to imply a large-scale irrigation programme in central Asia, in the south of the RSFSR and the Ukraine and in Transcaucasia, the main crops to benefit being cotton, rice and maize. Some of this investment will clearly be of the slow-maturing kind which will hardly affect output within the next two or three years.

Action is also to be taken to ensure that the finances of the collective farms are adequate to enable them to make use of the additional investment goods and other inputs becoming available. The slow increase in output, with unchanged prices, during 1959 and 1960 prevented the gross receipts of collective farms from reaching their planned level. This implied financial difficulties in their meeting higher current outlays and in raising collective farm investment (which was intended to be the main contributor to the increase in agricultural investment under the Seven-year Plan) if labour remuneration was not to be greatly reduced.

The present farm prices are considered high enough to ensure " good incomes if collective farms receive high yields "; [120] and it has therefore been decided to improve the immediate financial resources of collective farms by a variety of means other than price increases. These became effective from 1 February 1961 and include: [121]

(i) Reduced prices of non-agricultural inputs — for instance by 17 per cent for lorries, by 9 per cent for tractors and by an average of 40 per cent for spare parts and for gasoline;

(ii) Abolition up to the end of the Seven-year Plan of income tax on the 80 per cent of the cash incomes of collective farms resulting from sales of meat, milk and eggs;

(iii) Reduction of the rate of interest on short- and long-term credits to collective farms;

(iv) Deferment for five years of repayment of Gosbank loans and for 5-10 years of payments still due for ex-MTS machinery.

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ments." (The First Secretary of the Communist Party of Kazakhstan, *Pravda*, 12 January 1961.)

" In the last three years supplies of chemical fertilizer for the Republic's agriculture practically did not rise. Only about one-third of the minimum requirements of collective and state farms are covered." (The First Secretary of the Ukrainian Communist Party, *Pravda*, 12 January 1961.)

According to the same authority production capacities for superphosphate are not fully utilized in this Republic because of insufficient supplies of apatite concentrates. (See *Pravda*, 12 January 1961 and, for earlier similar reports, the SURVEY for 1959, Chapter III, p. 37, footnote 101.) Insufficient utilization of existing capacities in agricultural machinery plants was reported by the First Secretaries of the Lithuanian and Kirghizian Communist Parties (*Pravda*, 14 January 1961).

[113] Speech by the First Secretary of the Ukrainian Communist Party, *Pravda*, 12 January 1961.

[114] According to the First Secretary of the Ukrainian Communist Party, maize sowings have been greatly expanded in recent years, but very little attention has been given to raising maize yields. (*Pravda*, 12 January 1961.)

[115] *Ibid.*

[116] See *Traktory i selkhozmashiny*, No. 9, 1960, p. 2.

[117] See *Economic Bulletin for Europe*, Vol. 12, No. 3, p. 39.

[118] See also Chapter II, section 5.

[119] Plenum resolution (*Pravda*, 20 January 1961).

[120] See Mr. Khrushchev's speech at the Plenum of the Ukrainian Communist Party, *Pravda*, 1 February 1961.

[121] See for (i) Mr. Khrushchev's statement at the Plenum of the Ukrainian Communist Party, *Pravda*, 1 February 1961; and for the other measures the statement of the First Secretary of the Latvian Communist Party, *Pravda*, 14 January 1961.

TABLE 33

Production of main agricultural commodities in five eastern European countries and the Soviet Union, 1958 to 1960 and 1965 Plan

Quantities

Country and commodity		Unit	1958	1959	1960	1965 Plan
Bulgaria	Bread grains	Million tons	2.42	2.53	2.46	..
	Fodder grains		1.46	2.31	2.33	..
	Sugar-beet		0.88	1.45	1.62	..
	Tobacco	Thousand tons	77	93	65	..
	Tomatoes	Million tons	0.46	0.48	0.62	..
	Grapes		0.89	0.69	0.59	..
	Meat (live weight)		0.48	0.48	0.43	..
	Milk	Billion litres	0.96	1.00	1.07	..
	Wool (greasy)	Thousand tons	17.06	19.32	20.35	
Czechoslovakia	Bread grains	Million tons	2.28	2.62	2.39	7.04
	Fodder grains		2.55	2.90	3.37	
	Potatoes		6.59	6.33	5.25	9.36
	Sugar-beet		6.95	4.95	8.40	7.97
	Meat (live weight)		0.89	0.90	0.93	1.28
	Milk	Billion litres	3.65	3.66	3.72	5.37
	Eggs	Billion	2.07	2.14	2.23	3.0
Hungary [a]	Bread grains	Million tons	1.86	2.35	2.12	2.60
	Barley		0.74	1.09	0.99	..
	Maize		2.83	3.56	..	4.40 [b]
	Sugar-beet		2.07	2.68	3.50 *	3.50
	Sunflower seed		0.10	0.12	..	0.12
	Potatoes		2.60	2.37	..	..
	Slaughter pigs [c]		0.57	0.64	0.63	0.74
	Slaughter cattle		0.19	0.20 *	0.23 *	0.26
	Milk	Billion litres	1.89	1.93	1.89	2.70
	Eggs	Billion	1.72	1.85	1.87	2.32
	Wool	Thousand tons	7.3	7.8	8.6	10.0
Poland [d]	Four main grains	Million tons	13.53	14.12	14.24	15.75
	Potatoes		34.80	35.70	37.77	41.85
	Sugar-beet		8.43	5.98	10.22	11.0
	Meat (live weight)		2.16	2.10	2.05 [f]	2.87
	Milk	Billion litres	11.51	11.94	11.9	15.25
	Eggs	Billion units	4.55	5.13	5.5	5.9
Rumania	Grains	Million tons	7.29	10.63	9.8	14-16
	Sugar-beet		1.7	3.4	3.4	..
	Sunflower seed		0.29	0.53	0.52	..
	Meat (live weight)		0.85	0.90	0.96	1.70-1.80
	Milk	Billion litres	2.30	2.49	2.83	5.0
	Wool (greasy)	Thousand tons	19.6	21.0	22	37
Soviet Union	Grains	Million tons	141.2	125.9	132.7	167-180
	Potatoes		86.5	86.6	84.0	147
	Sugar-beet		54.4	43.9	56.9	76-84
	Sunflower seed		4.63	3.02	3.8	..
	Meat (carcase weight)		7.7	8.9	8.7	16 [g]
	Milk		58.7	61.7	61.5	100-105
	Wool	Thousand tons	322	355	355	ca. 348
	Eggs	Billion	23.0	25	26.4	37

Sources : National statistics, plans and plan fulfilment reports; *Rabotnichesko Delo*, 17 December, 1960; *Statistické Zprávy*, No. 1, 1961, pp. 29-30; *Népszabadság*, 15 February 1961; *Selskoe khozyaistvo* 1960; and speech by Mr. Khrushchev reported in *Izvestia*, 21 January 1961.

[a] 1965 Plan figures are from the directives of October 1959.

[b] May include maize for silage.

[c] In 1958-1960 excluding piglets, which are included in the 1965 target.

[d] Plan figures for 1965 based on the June 1960 directives, except, possibly, for sugar-beet and eggs, for which the targets are those quoted in the Czechoslovak source mentioned above.

[e] State procurements only.

[f] Beef, veal and pig meat only.

[g] Target stated as " not less than 16 ".

The net benefit of the first three measures is estimated to amount to 8.87 billion (old) roubles a year, or to some 7 per cent of the gross money income of collective farms and some 14 per cent of their combined productive expenditure and investment outlays in 1959. Part of this will be absorbed by the rise in the volume of current inputs and of collective farm investment, and some part may be available for labour-day dividends.

Also in line with the critical remarks and reforming proposals made at the Plenum, two decrees were issued in the second half of February concerning the reorganization of the Ministry of Agriculture of the USSR, whose functions have once more been narrowed, and changes in the procurement system.[122] The remaining functions of the Ministry will include " the further raising of the agro-technical level and of technical progress in all agricultural branches, on the basis of the development of agricultural science, and the improvement of the work of scientific research institutes...", while the task of ensuring efficient utilization of agricultural machinery has been handed over to a newly created " All-Union Association " for the sale of agricultural machinery, mineral fertilizers and other material-technical inputs and for the organization of repairs and of the utilization of machines in collective and state farms.[123] This body is to serve as an intermediary between the farms and the industries producing inputs for agriculture, and should help to improve the supply and distribution of such goods, which has been severely criticized.

Moreover, the procurement system is to be modified by the introduction of contracts for deliveries to the state covering periods of 2-5 years. They will specify the annual quantities to be delivered, qualities, timing and place of delivery, prices, amount of credit or advance payment to be received from the purchasing centre or enterprise and any help to be given to the farm in organizing production and transport. State Inspectorates for Procurements are to be entrusted with the supervision of contracts and their fulfilment and of the implementation of farms' delivery plans, and with advising farms on means of raising output.[124] To reduce the labour, transport and other costs incurred by collective farms and farmers in selling on peasant markets their marketable surplus not delivered to the state, it has been decided to foster the purchase of such produce by consumer co-operatives, which should resell at local market prices (though not necessarily only on the local market).

Progress in 1960, in Eastern Europe

Increases of gross agricultural output in the countries of eastern Europe in 1960 ranged from 1-3 per cent in Bulgaria to 5 per cent in Poland and about 7 per cent in Czechoslovakia (see Table 32). In several countries these increases were less than planned; but, in the plant sector at least, the 1960 results were generally rather encouraging in view of the relatively poor weather conditions everywhere experienced at some time during either the sowing or the harvest seasons.

Poland achieved record crops of grain, potatoes and sugar-beet. Bread grain harvests were below those of 1959 in Bulgaria, Czechoslovakia and Hungary (see Table 33); but the data now available on yields suggest that the harvest must have been above that of 1959 in eastern Germany (see Table 34). Bulgaria and Czechoslovakia harvested record crops of fodder grains, and sugar-beet crops were generally good, reaching the 1965 targets for yields and total output in Hungary and even exceeding them in Czechoslovakia. Yields in the latter country were indeed well above the levels of recent years for all products except potatoes; and in Poland they were high enough to make the 1965 targets look realistic. In eastern Germany there was still a wide gap between the results for 1960 and the targets for 1965, but the former were nevertheless good; and in Bulgaria yields were well above those of the two previous years for all major crops except grapes. Rumania seems to have been the one country to show no improvement in crop output (data are available only for grains, sugar-beet and sunflower seed) though the 1959 level was already relatively high.

In the livestock sector milk output and yields everywhere rose or were at least maintained. Meat production also rose in most countries; but in Bulgaria it fell by 9-10 per cent — resulting in some interruptions of supplies to the towns — partly because procurements of cattle were reduced in an attempt to check the decline in numbers.[125] In fact, cattle numbers rose by 5 per cent in Bulgaria (including buffaloes) and in about the same proportion in eastern Germany, by 4 per cent in Poland and by 2 per cent in Czechoslovakia; but in Hungary cattle numbers

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[122] During the reforms of preceding years many management responsibilities concerning the finance, planning and organization of supplies to agriculture were transferred from the Ministry of Agriculture of the USSR to the republican organs, whereas decisions regarding the distribution of investment, machinery, fertilizers, etc. between republics were handed over to Gosplan. The collection and control of statistical and other accounts were transferred to the Central Statistical Office and its local organs.

[123] See *Pravda*, 21 February 1961.

[124] *Pravda*, 26 February 1961. If the inspectors conclude that the measures taken by a collective or state farm are insufficient for fulfilment of its contractual obligations, they will communicate their findings to the *raion* Party committee and executive committee and to the *oblast* (or *krai* or Republican) procurement organ.

[125] See the *Economic Bulletin for Europe*, Vol. 12, No. 3, p. 38.

TABLE 34

Yields of some main crops and of milk in six eastern European countries

Quintals per hectare and, for milk, litres per cow

	1958	1959	1960	1965 Plan
Bulgaria				
Wheat	16.1	17.3	18.9	..
Maize	12.6	20.2	23.0	..
Cotton	6.8	6.6	8.2	..
Sugar-beet	144	217	239	..
Tobacco	7.5	8.1	7.6	..
Tomatoes	336	243	283	..
Grapes	66.8	50.1	42 *	..
Milk	1 056	1 252	1 435	..
Czechoslovakia				
Wheat	18.3	22.9	23.1	27.0
Rye	19.0	20.3	20.5	25.0
Oats	17.4	18.4	20.6	..
Barley	17.9	21.9	24.7	26.5
Maize	27.3	28.0	30.4	36.0
Sugar-beet	299.1	205.6	347.0	327.4
Potatoes	109.1	108.7	92.3	180.0
Root-fodder	331.6	258.6	348.0	..
Green maize for silage	..	289.5	291.2	..
Milk	1 759	1 761	1 807	2 350
Eastern Germany				
All grain	25.2	24.4	27.5	30.5
Winter wheat	31.6	32.5	35.6	..
Winter rye	21.8	20.8	22.6	..
Oil-seeds	9.3	13.7	14.4	18.5
Sugar-beet	312.7	198.9	298.4	385.0
Potatoes	149.5	161.3	192.4	245.0
Green maize for silage	354.5	303.1	384.4	666.0
Milk	2 676	2 728	..	2 942
Hungary				
Bread grains	11.9	16.0	15.7	18.8
Barley	13.7	20.2	19.5	..
Maize	21.7	16.3	..	29.2
Sunflower seed	11.8	11.8	..	13.0
Sugar-beet	191	220	..	243
Potatoes	108.3	102.8	..	130.4
Grapes	49.9	30.8	..	40-42
Milk	2 105	2 152	2 148	2 700
Poland				
Four grains	14.8	15.7	16.1	17.6
Sugar-beet	235	159	255	260
Potatoes	126	128	131	155
Milk	1 941	1 982	2 017	2 260 [a]
Rumania				
Wheat	9.8	13.4	..	18.0
Maize	10.0	16.0	..	25-28
Sugar-beet	122.4	171.1	170.3	250
Sunflower seed	7.7	10.0	10.9	15
Potatoes	101.8	103.6	..	150

Sources: National statistics; the SURVEY for 1959, Chapter III, Tables 24 and 25; *Rabotnichesko delo*, 17 December 1960; *A mezőgazdaság eredményei 1959-ben*, pp. 7, 48; *Népszabadság*, 29 January 1961; and *Statistické Zprávy*, No. 1, 1961, pp. 29-31.

[a] Targets of the Directives of March 1959.

fell by 2 per cent.[126] However, animal numbers and their composition have not, in general, changed according to the plans (for example an unplanned fall in the number of cows in Czechoslovakia and a 4 per cent fall in Hungary also contributed to below-plan output of milk in these countries) and difficulties continue in finding adequate price incentives and other means to secure the desired results.

Both investment in agriculture and current non-labour inputs seem to have continued to rise nearly everywhere in 1960. The share of investment in agriculture in the total of centrally planned investment rose from under 12 per cent to over 15 per cent in Bulgaria and the tractor stock rose by 15 per cent; but supplies of fertilizers fell as a consequence of reduced imports. These are planned to rise again in 1961, though still not to the 1959 level; but total investment is planned to fall by 12 per cent. Irrigation (to extend the irrigated area by a further 17 per cent), mechanization and new plantings of orchards and vineyards will absorb most of the 1961 investment.

In Czechoslovakia, supplies of farm machinery were increased by 21 per cent, while fertilizer application rose by 5 per cent; and further mechanization will be the main object of the increase of investment planned for 1961 to a level more than 25 per cent above that of 1959. Moreover, the 1961-1965 Plan, as endorsed by Parliament in November 1960, both sets a somewhat higher target for the rise of gross agricultural output from 1960 to 1965 than did the original Directives — to 23 per cent against 21 per cent — and has raised the plan for investment in agriculture and forestry during the period of the plan to 60 per cent above the volume in the preceding five years instead of the 50 per cent rise provided for in the Directives. It is hoped that, by devoting 90 per cent of this investment to mechanization and land melioration, labour productivity in agriculture can be raised by 53 per cent over the five years, while the labour force falls by 20 per cent.

Supplies of farm machinery to the socialist sector were enormously increased in 1960 in eastern Germany, the tractor stock rising by over 50 per cent and the stocks of other important machines by 20-25 per cent. New measures taken in the course of the year include an announcement that subsidies, related to the financial position of the farm, will be available to type III co-operative farms taking over MTS machinery, while prices for farm machinery are to be

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[126] Data at mid-year except for Hungary. See also the *Economic Bulletin for Europe*, Vol. 12, No. 3, pp. 36-38. October estimates for Hungary are as follows:

	Thousands	*Percentage change from October 1959*
Cattle	1 969	−1.6
of which: cows	907	−3.6
Pigs	7 296	−8.9
of which: sows	568	+30.9

reduced. It is planned to deliver another 14,000 new tractors (20 per cent of the existing stock in the socialist sector) to state and co-operative farms and MTS in 1961, assigning 6,500 of them to the areas of greatest labour stringency in the north of the country. Finally the need to raise cattle numbers — and particularly numbers of cows — was again emphasized: prices of slaughter cattle and calves have been reduced from 1 January 1961 while those for breeding and dairy cattle and milk have been raised, and feeding-stuffs are to be allocated with a priority to milk production and calf and pig rearing under contract.

The Hungarian planning authorities decided upon a far-reaching reallocation of investment and current resources to sustain and expand farm output during and after the recent collectivization drive. State and co-operative farm investment in 1959 was already more than one-third above its previous 1954-1955 peak: it rose by 32 per cent in 1960 and has absorbed 18 per cent and 22 per cent, respectively, of total state and co-operative investments in these two years. The share of machinery and equipment rose from less than one-fourth of the total in 1957 to one-half in 1960; the tractor park increased by more than half and the stock of grain combines by two-thirds. Total draught power rose by 10 per cent in 1960 (over the 1958-1959 average) despite a decline in horse numbers. The plan for 1961 implies a shift from investments towards current inputs in Hungary. State and co-operative investment is to be reduced by nearly one-third to a level below that of 1959; but fertilizer supplies are planned to rise by 30 per cent above those of 1960 (the same as in 1959) and high-yielding hybrid maize and sunflower seeds are to be supplied in much increased quantities.[127] Both production and delivery plans for 1961 appear somewhat ambitious in the present conditions of institutional transition and the response to incentives on the part of the new co-operative farmers will be an important factor determining their realization.[128]

In Poland investment in agriculture rose by 14 per cent and absorbed 12.4 per cent of total investment outlays in 1960. Supplies of machinery to agricultural circles and individual and co-operative farms rose by 24 per cent (and for tractors alone doubled), application of fertilizer increased by 15 per cent and of insecticides by 72 per cent. The revised Directives for the 1961-1965 Plan, announced in June 1960, raised the planned increase of output over the 1960 level to exactly the same extent as in Czechoslovakia — from 21 per cent to 23 per cent. The new targets for the major products are shown in Table 33 but, in addition, the original target for livestock numbers was adjusted downwards — from 10.5-11 million head of cattle to the lower figure of the range and from 16-16½ million pigs to 15 million.[129] At the same time the planned investment allocation for the five years was raised to 89.3 billion zlotys (and 2.7 billion zlotys for forestry) from 71.9 billion (and 2 billion) in the March 1959 Directives. Thus the share of agriculture in total investment under the plan is raised from 13.4 per cent to 15.8 per cent (from 13.8 to 16.3 per cent including forestry) and most of the increment is destined for mechanization and land melioration.[130] If to this total is added investment in industries producing farm inputs, investment for the benefit of agriculture will amount to about one-fifth of the total foreseen under the plan.

In 1961 agricultural investment in Poland is planned to be 13 per cent of the total and 15 per cent greater than in 1960. Whether this level of outlays will in fact be achieved will depend mainly on the activity of the " agricultural circles ". At the end of 1960 there were 24,000 " circles " in existence, and investment in which they had participated amounted to 1.1 billion zlotys or about 10 per cent of total investment in agriculture in that year. Their financial resources [131] are adequate to finance an increase in outlays of the proportions planned and the actual scale of their activities has been increasing during the last year. These activities have covered a wide sphere, including production of building materials, organization of servicing co-operatives and the actual farming of some land. However, in the investment field their operations will have to expand extremely rapidly in future if the planned financing of 26 billion zlotys of investment through the agricultural circles during 1961-1965 is to be achieved.

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[127] The plan provides hybrid seeds for 75 per cent of the maize area (60 per cent last year) and high-yielding sunflower seed is being supplied for an area of 46,000 hectares (last year: 12,000 hectares from a total of 70,000 hectares under sunflowers). High-yielding wheat will be sown on about 15 per cent of the area for the following harvest (see *Népszabadság*, 1 January and 7 February 1961).

[128] The volume of state procurements did not rise in 1960 because rises in grain, potato, live cattle and milk supplies were compensated by reductions in supplies, e.g. of rice, wine, slaughter pigs and eggs (see *Mezögazdasági statisztikai zsebkönyv*, 1960, pp. 287-288, and the plan fulfilment report and statistical bulletins). In 1961, procurements should increase by 9.1 per cent.

[129] However, as is pointed out in Chapter II, section 5, there is reason to suppose that some of these targets may again have been revised upwards in the final Plan.

[130] The 1965 figures have been slightly changed in the final plan (see Chapter II, Table 15) but it is not clear how far this constitutes a real revision of the targets and to what extent it merely reflects a change from the 1959 price base to prices of 1 July 1960.

[131] Provided by state allocations equivalent to the difference between the value of compulsory deliveries at the actual prices of such deliveries and their notional value at prices for state purchase of quantities above the quota. These resources are supplemented by contributions from individual members of 15-25 per cent of the value of actual investment outlays by the " circles ", and by the profits of enterprises run by the " circles ".

The recently published plan for Rumania sets extraordinarily ambitious production targets for 1965 (see Tables 32-34). The planned inputs intended to support this achievement include a trebling of the tractor park between 1960 and 1965 and a raising of fertilizer supplies to 8 times their 1959 volume. Investment in agriculture rose in 1960, though by only 10 per cent compared with increases of 31 per cent and 43 per cent in the two preceding years. Output of tractors is rising fast, the 17,000 produced in 1960 representing a 55 per cent increase over the 1959 levels;[132] and stocks of these and other equipment have been built up rapidly in recent years. Similarly fertilizer production rose by 36 per cent in 1960. Nevertheless, Rumania — with one tractor per 230 hectares of arable land and a rate of fertilizer application of only 8-9 kg (pure content) per hectare in 1960 — has the lowest standard of such inputs in eastern Europe (apart from Albania).

The foregoing description of recent progress and future plans in eastern Europe suggests that most of the countries of the area are now entering on a new phase of agricultural development. Nearly all of them have announced fairly ambitious plans for the long-term growth of output; and a number of factors tending to assist their realization can be identified: all countries should reap some benefit in the future from past investment in land melioration and irrigation and in capacity for the production of farm equipment, fertilizers and other inputs that is only now maturing; similarly past investment in higher education and training and in raising the level of skill, and research designed to improve the location and specialization of output and to improve factor utilization, will still produce returns in the future;[133] the attempts being made to raise the social and cultural level of rural life, as well as the greater opportunities to apply technical skills in farming, should make it somewhat easier than in the past to retain high-quality labour; finally, the fact that collectivization has now been virtually completed (or that, in Poland, the decision not to force the pace has finally been taken) removes an element of uncertainty that has, in the past, inhibited both individual effort and the pursuit by governments of policies directed solely to economic ends.

But institutional and other problems still remain to be solved. Just as the time is past in industry when any increase in output of any product can be sure to find a ready market, it is passing in the farm sector also. It is now necessary to induce some change in the pattern of output — away from bread grains towards animal products, fodder and quality foods. In the institutional field, the problem created by the uneven distribution of labour between the private and the socialist sector should be eased by the increasing mechanization of the latter sector; but the frequent expressions of official unease suggest that policies toward co-operative farm organization may not be finally determined.

In the Soviet Union further organizational transformations of both state and collective farms can certainly be expected, although it is difficult to predict their precise nature. The possibility of creating special *raion*, *oblast* or Republican organs for the management of collective farm unions, which had received particular attention at the December 1959 Plenum[134] and at the All-Union meeting of agricultural specialists in June 1960,[135] was hardly mentioned at the latest Plenum. On the other hand, the Prime Minister of the RSFSR, after criticizing some *oblast*, *krai* and Republican authorities for their " completely incorrect attitude " in wanting to transform all lagging collective farms into state farms, added that " we will continue to create specialized state farms for improving the supply of milk, potatoes and vegetables . . . especially in the vicinity of towns. . . . But this should not lead to a mass transformation of collectives into state farms. Collective farms have not yet exhausted their possibilities, and they should and will develop simultaneously with state farms ".[136] There is apparently to be some continuing pressure to restrict private-plot farming, and each Republic is urged to " elaborate and issue such regulations as they deem useful for the reinforcement and development of agricultural output, taking into account local conditions ".[137] In Czechoslovakia, there has recently been considerable discussion of possible reforms of the co-operative farm statutes, including suggestions that the labour-remuneration system be revised so as to replace labour-day dividends by fixed hourly wages in cash supplemented by premia. Such a system has already been introduced in some farms, and a proposal for its general adoption is among those being submitted to the Fifth Congress of Co-operative Farms to be held at the end of March 1961.[138]

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[132] However only 11,500 of these were supplied to Rumanian agriculture.

[133] In the Soviet Union scientific farming systems suited to different agricultural zones (including, *inter alia*, the location of different crops and branches of animal farming, scientific crop rotation systems, rational feeding, efficient utilization of machinery and other inputs, labour remuneration systems, management practices, etc.) have for some years been subjects for research in institutes and universities and for published discussion (see, for instance, *Voprosy perspektivnogo planirovania i sistemy vedeniya khozyaistva v kolkhozakh i sovkhozakh*, Moscow 1960).

[134] See the SURVEY for 1959, Chapter II, p. 13.

[135] See *Pravda*, 15 June 1960.

[136] See *Pravda*, 12 January 1961.

[137] See Mr. Khrushchev's reply to the First Secretary of the Turkmenistan Communist Party who complained of unjustifiably large numbers of animals being kept both by collective farm households (infringing the collective farm statutes) and by others.

Finally, there remains the problem, recently recognized in the Soviet Union, of inducing a high level of investment and other inputs into agriculture now that investment decisions are increasingly being decentralized to co-operative farms and financed out of fluctuating current incomes rather than budget grants. Above all, agriculture still competes with other sectors for limited investment resources; and the rate of progress in the future is likely to be increasingly determined by the willingness of the authorities of these countries to continue to devote an adequate volume of these resources, directly and indirectly (through fertilizer application, seed testing and general improvements in technique), to raising farm output.

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[138] On similar experiments in the Soviet Union, see the SURVEY for 1958, Chapter I, p. 19, and for 1959, Chapter II, p. 14.

CHAPTER V

EUROPE AND THE TRADE NEEDS OF THE LESS DEVELOPED COUNTRIES

INTRODUCTION

That the import needs of the economically less developed countries of the world rise in the process of industrialization and development is common knowledge. For a few of the largest, autarkic development may conceivably be practicable — although only at a substantial loss of real income to themselves and the rest of the world. For the great majority, even if they integrate their economies in regional groupings, anything approaching autarky is out of the question. They will need capital equipment in increasing volume; and with rising population and per capita income, their requirements for consumers' goods, including foodstuffs, will grow. Most of these growing needs can be met from domestic production: but a part — and of capital equipment the major part — will have to be imported and financed by exports even if the developed countries contribute substantial loans and aid.

Exports from unindustrialized countries consist, unfortunately and inevitably, for the most part of primary products — foodstuffs and raw materials — world demand for which generally rises less fast than world income. The steady decline in the terms of trade for primary products during the past decade partly reflects this fact, and has tended to lessen the import capacity of most of the under-developed countries. Yet, until industrialization makes far more headway, it is from exports of primary products (perhaps with a gradually increasing measure of processing) that these countries will have to finance the bulk of their import needs. Later, some of their developing manufacturing industries will be able to produce surpluses for export; and relatively low labour costs will make their products competitive with those of the highly industrialized countries over a wide range of light, and in special cases also of heavier, industries. It is patently desirable that the developing countries should be able to take advantage of the opportunities for international specialization and exchange afforded by this process. Indeed, it will be essential if their development is not to be paralysed by chronic balance-of-payments difficulties.

How serious a problem the developing countries face in financing their growing import needs will depend partly on the foresight and success of their own economic planning: it is important that their long-range plans should already provide for the development of appropriate export industries.[1] But a solution of this problem depends also, and perhaps decisively, on the policies of the developed countries, not least those of Europe — western and eastern. They can help by providing capital in the form of loans and grants. They can help even more by giving the exports of the developing countries freer access to their domestic markets. Most of them have readily acknowledged, and in varying degrees endeavoured to fulfil, their responsibilities in providing capital aid; but their commercial policies scarcely recognize the possibly more urgent need for aid to the under-developed countries in the form of expanding export markets.

For the time being the necessary markets — at least for the great majority of developing countries — are mainly those for primary products. But before long, more and more of the developing countries will reach the stage attained by Japan during the inter-war years — seeking export markets for an increasing range of industrial products.

The responsibility for extending aid in this way is one which all the developed countries share. But the opportunity for advance planning of such aid is especially favourable in western Europe now, when structural adjustment is already proceeding in these countries in preparation for the EEC and EFTA schemes of economic integration. Whereas the main requirement for expanding exports of most primary products is for sustained growth of domestic demand in western Europe, freer access for exports of processed materials and manufactures from the developing countries in coming years is a matter both of more liberal commercial policies and, as a prerequisite of such liberalization, of foresight and planned adjustment in the domestic industrial structures of western European countries. Provided the prospective need of the developing countries for export markets is borne in mind in determining the desirable pattern of industrial growth in western Europe, and provided this growth is fast enough to make it possible to concede to the developing countries a growing share in expanding domestic markets (without detriment to any major domestic industries), the problem of the developing countries can be solved without the friction and conflict of interests common in the past.

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[1] Nothing more is said in this chapter about the place of trade policies in the development programmes of under-developed countries, since this subject belongs to the sphere of studies of the other regional commissions of the United Nations. This chapter is confined to a discussion of the contribution which Europe can make to meeting the trade needs of these countries

The developed countries themselves cannot fail to realize that the prospects of expanding their own exports to the developing countries depend very largely on their contribution to the latter's capacity to import. As stated above, this could be done in two main ways: by financing exports to the developing countries by loans and grants; and by policies that enable developing countries to export more, and thus earn the foreign exchange necessary for imports. The former alternative has been widely canvassed.[2] It is the purpose of this chapter to analyse what is involved in the latter. However, the chapter as a whole should be regarded as no more than a preliminary study. Much further research is necessary — particularly on prospective trends both in the pattern of production and trade of the developing countries and in the demand in the industrial countries.

The first section is an attempt roughly to sketch the long-term problem of adjustment over the next twenty years and its order of magnitude. Its object is not only to demonstrate the size of the problem but also to show that, in relation to the vast markets and productive capacity of the developed countries, the problem is manageable if tackled soon enough.

The second section examines the contribution which the planned economies of eastern Europe could make to meeting the trade needs of the developing countries.

The third and fourth sections are devoted to a more detailed examination of current policies and short-term prospects in respect of imports into western Europe of the products of the under-developed countries. This is followed, in the final section, by a number of concrete suggestions of measures by which the developed countries of western Europe could, and should, lay the foundations in the next few years for an enlightened solution of the problem in the long run.

1. LONG-TERM PROSPECTS

There is no hard-and-fast line separating "developed", "developing" and "under-developed" countries. For the purpose of this chapter, the "developing" or "under-developed" countries are taken to include all countries of Latin America, Africa and Asia (excluding Japan and the Asian countries of the eastern trade area).[2a]

This large part of the world consists of about 100 countries at diverse stages of development and with widely differing endowments of resources. One feature common to them all is relative poverty and the desire to escape from it by economic development. Industrialization is accepted as necessary to economic development in most if not all of these countries, for only by shifting population from low productivity sectors, notably agriculture, to high productivity sectors, especially manufacturing, can per capita incomes and living standards be steadily raised. Most of the growing industrial production of the developing countries will be for their domestic markets, much of it substituting domestic products for goods previously imported. But as incomes rise, so too will import needs, and a gradually increasing proportion of the exports necessary to finance these imports will have to consist of manufactures.

It would be idle to pretend that the pattern of trade which will develop over the next twenty years among these countries, and between them and the rest of the world, can be accurately predicted. Nor is their present foreign trade structure (see Table 1) — still largely an exchange of raw materials and foodstuffs for imports of manufactures — any guide; for this traditional pattern certainly will not survive the process of industrialization and development. Even the changes in the pattern of foreign trade undergone by the present highly developed countries during industrialization is an uncertain guide, at any rate on the export side. Three-fourths of the exports of Great Britain consisted of manufactures as early as 1820;[3] about one-half of the exports of France and Germany as early as 1870,[4] and of Japan by 1900.[5]

But these countries were first in the field and were therefore the natural suppliers of manufactures to an otherwise unindustrialized world. In future, as other parts of the world industrialize, an increasing share of international trade is likely to consist of exchanges of manufactures for manufactures; but industrializing countries will have greater difficulty in developing export markets than their forerunners. However, as shown in Table 2, a large shift from primary products

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[2] See, for example, a recent analysis in GATT, *International Trade in 1959*, pp. 40-56, which also contains a valuable brief discussion of the subject matter of this chapter.

[2a] Mainland China, North Korea, North Viet-Nam and Mongolia.

[3] W. Schlote, *British Overseas Trade : From 1700 to the 1930s*, Oxford 1952.

[4] W. Woytinsky, *Die Welt in Zahlen*, Berlin 1927.

[5] R. E. Baldwin, "The Commodity Composition of Trade: Selected Industrial Countries, 1900-1954", *The Review of Economics and Statistics*, Supplement, February 1958.

TABLE 1

Commodity composition of exports and imports of under-developed regions, 1958

Percentages

Commodity and SITC section	Food 0 + 1	Other raw materials excluding fuels 2 + 4	Fuels 3	Chemicals 5	Machinery 7	Other manufactures 6 + 8	Miscellaneous 9	Total manufactures 5 to 8	Total 0 to 9
Exports									
Latin America	41	16	35	1	—	6	1	7	100
Middle East	6	3	87	1	—	3	—	4	100
Africa	34	44	1	1	1	18	1	20	100
ECAFE Asia (excluding Japan)	29	39	11	1	1	18	1	20	100
Imports									
Latin America	11	4	17	8	34	25	1	67	100
Middle East	17	4	11	5	27	35	1	67	100
Africa	16	8	7	7	26	34	2	67	100
ECAFE Asia (excluding Japan)	21	9	10	8	22	29	1	59	100

Sources and methods: See Appendix B.

TABLE 2

Changing commodity composition of exports of selected industrialized and industrializing countries

Percentage of total exports

Country	Food		Raw materials		Metals		Machinery		Other manufactures	
	A	B	A	B	A	B	A	B	A	B
I. Industrialized										
United Kingdom	5	6	16	11	13	12	12	37	54	35
France	20	15	21	18	4	16	3	17	52	34
Western Germany	12	2	20	14	12	15	7	40	49	29
United States	43	12	32	20	9	7	6	36	10	26
Italy	28	24	39	19	3	5	0	18	30	34
Sweden	12	5	47	43	16	11	3	23	22	18
Japan	11	8	38	8	7	16	0	13	44	55
Unweighted average			59	41			4	26	37	33
II. Industrializing										
Exporting manufactures										
Canada	58	31	23	25	8	13	3	8	8	23
South Africa	2	21	98	41	0	0	0	5	0	33
India	27	31	50	38	1	0	0	1	22	30
Sweden [a]			92	76			0	8	8	16
Mexico	26	27	50	41	20	20	0	0	4	12
Australia	36	35	52	55	9	5	1	1	2	4
Unweighted average			91	76			1	4	8	20

Sources: R. E. Baldwin, "The Commodity Composition of Trade: Selected Industrial Countries, 1900-1954", *The Review of Economics and Statistics*, Supplement, February 1958; P. L. Yates, *Forty Years of Foreign Trade*, London 1959, p. 250; *Sveriges Nationalprodukt 1861-1951*, Stockholm 1956.

NOTE. — Figures in columns A and B refer, for countries under I, to 1900 and 1954 respectively; and for countries in group II to 1913 and 1953 respectively. Countries have been arranged in approximate sequence of beginning industrialization.

[a] A = 1861-1863; B = 1911-1913.

towards manufactures characterized the commodity composition of exports of advanced industrializing countries even in the first half of this century (while the exports of the highly industrialized countries have shifted from consumers' manufactures towards capital goods). This broad trend will undoubtedly recur in the experience of countries now embarking on industrialization; the question is simply how long the transition, painful or painless, will take.

Some developing countries — those with relatively ample resources of fertile land — will remain net exporters of foodstuffs and agricultural raw materials. And for some, endowed with rich mineral resources, latent or exploited, minerals and metals will remain or become major export products. For the rest, the form taken by increasing export trade in manufactures will depend only partly on resource endowment — the most obvious being their almost universal abundance of (relatively unskilled) labour, and shortage of both capital and managerial and technical skills. Since international specialization and trade among manufacturing industries is, in large measure, a matter of historical accident (competitive advantage accruing through economies of scale to those first in the field), the most that can be said with confidence at this stage is that industrial exports from the developing countries, apart from domestically processed primary products (including, especially, metals in place of ores), are most likely to be those produced by light industries.

On the import side, future trends are perhaps less likely to deviate from historical experience, at least in respect of the broadest grouping of imports. Table 3 shows the striking effect of industrialization on the relative importance, among total imports, of foodstuffs, raw materials, capital equipment and other manufactures. During the past half-century, the main change for the highly industrialized countries has been a further shift towards raw materials. For the developing countries, there has been a similar rise in the share of raw materials in total imports (rather larger for the advanced industrializing countries which have already begun to export manufactures), though at a much lower level; but there, the outstanding change is the now very high and almost uniform share (about one-third) of capital goods in imports, while their imports of "other" manufactures (mainly consumers' goods) has steeply declined. In the unindustrialized countries, finally, a similar shift from consumers' goods towards capital goods is beginning; but at the end of the period the share of capital goods had only reached the figure attained by the more advanced industrializing countries in 1913. It would be surprising if the main trends brought out by this table did not reappear, during the next twenty years, in the commodity composition of imports of the developing countries. For most of them, the shift towards capital goods — reflecting a large increase in the volume of such imports — will be a pre-condition of industrialization.[6]

No attempt is made in this study to predict in detail the most likely trends in the commodity composition of the trade of individual countries or regions. It is, however, possible to form a broad impression of the magnitude of the problem facing developing countries in meeting their growing import requirements and the developed countries in their task of assisting the former to find markets for their exports.

As an initial assumption, economic development in the under-developed countries is postulated to proceed over the next twenty years at an average rate sufficient to raise the per capita incomes of their growing populations by 3 per cent a year.[7] If the middle hypothesis given in the United Nations study *The Future of World Population*[7a] is used as an estimate of population increase, this implies an aggregate net domestic product for the developing countries in 1980 of the order of $410-420 billion. It is further assumed that for every increase of 1 per cent in total net domestic product, demand for imports will increase by 0.85 per cent.[8] On these assumptions, the import needs of the less-developed countries would reach by 1980 a total of some $60 billion.[9]

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[6] It is possible that some of the largest — India, mainland China, and perhaps Brazil — will build up heavy industries which will in due course meet most of their own needs for capital equipment; but unless they adopt autarkic policies, whether for political reasons or because they are forced into them by balance-of-payments difficulties, the process of creating these heavy industries will itself necessitate large imports of capital goods for many years.

[7] This growth rate may appear optimistic in the light of past experience and the enormous obstacles to development which still confront many under-developed countries. Obviously, there will be wide divergencies in the rates of growth which different countries will achieve over the next twenty years. The rate of growth of 3 per cent per annum has been selected, as an *average* rate, for the present purpose because it is near the minimum rate necessary to avoid a widening of the relative gap in living standards between developed and under-developed countries. It is important to emphasize that the rate of growth in the real world is not, as it is in the above model, an independent variable. Unless the export expansion required to meet the import needs implied by a given assumed rate of growth is made possible, that rate of growth will not in fact be achieved.

[7a] Population Studies, No. 28, New York 1958.

[8] The import elasticity of 0.85 is derived from a function suggested by H. G. Chenery, "Patterns of Industrial Growth", *American Economic Review*, September 1960. The Chenery function expresses imports as a function of NNP and population size. It is calculated from data for 1952-1954 for 62 countries of widely differing levels of per capita income. Time series for periods of growth undisturbed by war or depression show even higher import elasticities. In western Europe, during the period 1950-1959, for example, imports rose by 1.2 per cent for every 1 per cent growth in NNP; but this figure was strongly influenced by liberalization of trade.

[9] The GATT study referred to above contains an estimate of import requirements of developing countries for the period 1960-1969 which implies a significantly faster rate of growth of imports for the first decade (5.7-7.2 per cent per annum) than the projection in the text (4.4 per cent per annum). Both projections assumed about the same rate of growth of NNP.

Continued on p. 6.

TABLE 3

Changing commodity composition of imports into selected industrialized, industrializing and non-industrialized countries

Percentage of imports

Country	Food		Raw materials		Metals		Machinery [a]		Other manufactures	
	A	B	A	B	A	B	A	B	A	B
I. Industrialized										
United Kingdom	46	36	32	43	4	10	1	4	17	7
France	19	26	56	52	6	6	4	9	15	7
Western Germany	34	33	45	47	6	8	2	3	13	9
United States	31	31	34	43	6	12	1	3	28	11
Italy	18	18	39	54	12	9	5	11	26	8
Sweden	29	15	34	32	10	16	6	19	21	18
Japan	19	31	34	60	13	1	6	4	28	4
Unweighted average	28	27	39	47	8	9	4	8	21	9
II. Industrializing										
(i) *Exporting manufactures*										
Canada	20	10	18	20	15	11	13	35	34	24
South Africa	21	9	7	16	0	0	15	32	57	43
India	18	18	8	26	7	8	14	22	53	26
Sweden [b]	—	—	66	68	—	—	2	5	32	27
Mexico	14	14	14	12	18	9	18	42	36	23
Australia	13	9	9	20	5	9	18	33	55	29
Unweighted average [c]	16	13	12	20	11	9	16	33	45	25
(ii) *Not exporting manufactures*										
Argentina	15	10	19	28	8	13	15	30	43	19
Brazil	25	22	16	22	14	9	17	31	28	16
Chile	16	20	17	15	13	9	13	31	41	25
Colombia	8	7	3	11	12	16	12	40	65	26
Venezuela	32	16	9	3	4	17	11	32	44	32
New Zealand	20	12	10	12	14	14	16	29	40	33
Unweighted average	20	15	12	15	11	13	14	32	43	25
III. Non-industrialized										
Ceylon	44	42	15	12	9	6	4	11	28	29
Indonesia	24	16	5	9	11	10	10	18	50	47
Malaya	48	34	15	24	5	5	4	9	28	28
Philippines	34	21	9	12	6	11	11	17	40	39
Egypt	30	32	18	17	3	8	8	16	41	27
Gold Coast	30	21	8	7	4	10	11	17	47	45
Nigeria	24	14	7	6	8	13	6	17	55	50
Cuba	38	34	9	30	6	9	12	7	35	20
Unweighted average	34	27	11	15	6	9	8	14	41	35

Sources: As for Table 2.

NOTE. — Figures in columns A and B refer, for countries in group I, to 1900 and 1952 respectively and for countries in groups II and III to 1913 and 1953 respectively. Countries in groups I and II (i) have been arranged in approximate sequence of beginning industrialization; the remainder are arranged by continent.

[a] Including vehicles.

[b] A = 1861-1863; B = 1901-1903.

[c] Excluding South Africa and Sweden.

TABLE 4

Projections of import and export requirements of less developed regions to 1980

Billions of dollars

(" Now " = for population and national income, 1958; for trade, average 1957-1959)

	Latin America		Middle East		Africa		ECAFE Asia [a]		Total of four regions		Total (excluding main petroleum exporters [b])	
	Now	1980	Now	1980	Now	1980	Now	1980	Now	1980	Now	1980
Population (millions)	190	340	50	85	230	335	730	1 170	1 200	1 930	1 145	1 830
National income	55	185	8	28	27	80	55	170	145	463	132	416
Imports, c.i.f.	10.5	30.5	2.7	8.0	7.4	18.8	8.7	22.6	29.3	79.4	22.5 [c]	60.0
Capital imports											3.5	9.3 [d]
Exports, f.o.b.	9.8	28.0	3.8	11.3	5.7	14.5	6.9	17.9	26.2	71.7	19.0	50.3

Sources and methods : National income data for 1958 have been calculated on the basis of *Per Capita National Product of Fifty-five Countries 1952-54*, Statistical Papers, Series E, No. 4, UN, New York 1957, and Table 167 in *Statistical Yearbook 1959*, UN, New York 1960. For some countries supplementary information from the *Economic Survey of Africa since 1950*, UN, New York 1959; and *One Hundred Countries, One and One Quarter Billion People*, by Paul G. Hoffman, Albert D. and Mary Hasker Foundation, Washington D.C. 1960. For other sources and methods, see footnotes 7 and 8.

[a] Excluding Japan.

[b] Main petroleum exporters include the whole of the Middle East, Venezuela, Netherlands Antilles, and Sarawak.

[c] Imports c.i.f. into these countries averaged $23.8 billion in 1957 to 1959. The figure of $22.5 billion shown in the table is calculated by adding to the export figure ($19.0 billion) the normal rate of capital imports to less developed countries (excluding the main petroleum exporters) towards the end of the fifties. This latter group of countries had, as is shown in the table, an export surplus in 1957-1959, which largely consisted of royalties paid by the oil companies.

[d] The assumption of a constant ratio of *net* capital imports to total imports implies an even faster rate of growth of *gross* capital imports, required to finance out-payments for servicing the growing foreign long-term debt.

Part of this import bill will be financed by capital imports and economic aid. Assuming, arbitrarily but optimistically, that capital aid provided by the industrialized countries increases *pari passu* with the huge rise in the import requirements of the developing countries, so that the proportion of total imports covered by it remains at about one-eighth,[10] a balance of some $50 billion would need to be financed by exports (see Table 4). The problem, then, is how the under-developed countries can expand their exports from about $19 billion to a level more than two-and-a-half times as high, between now and 1980.

Much the larger part of the present exports of the under-developed countries consists, as shown above, of primary products — foodstuffs, agricultural raw materials, and minerals — the bulk of which goes to developed countries. On the basis of the commodity and country distribution ruling in 1959, it can be estimated that out of the total exports (excluding those of the petroleum producers) of $19 billion, as much as $12 billion consisted of deliveries of traditional commodities to western Europe, North America and Japan.

Beyond doubt, and even on optimistic assumptions, expanding exports of these traditional commodities to the traditional markets in the developed countries can fill only a very small part of the prospective gap in the balance of trade of the developing countries. An ECE secretariat study made some years ago contained a projection, for a twenty-year period ending in 1975, of the import requirements of the western industrialized regions for individual traditional export commodities of the less developed countries.[11] In Table 5 this estimate is extrapolated to 1980, using 1959 as the base.[12] It suggests that exports of traditional commodities (excluding petroleum) to western Europe, North America and Japan are unlikely to increase by more than 70 per cent, or from $12 billion now to about $20 billion in 1980. Of this total, Latin America would account for $9 billion, Africa for $6.5 billion, and Asia (ECAFE member countries only, excluding Japan) for only $4.5 billion.

Additional outlets for exports of traditional commodities may be found in the eastern trade area (the Soviet Union, eastern Europe and mainland China) and in intra-trade among the developing countries themselves. But it is almost impossible to estimate how much.

The prospects for exports by the developing countries to the Soviet Union and eastern Europe are

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But the GATT projection assumes (*a*) a rate of growth of current imports of 5 per cent per annum (based on the rate of growth of imports during the fifties and implying an import elasticity of 0.96); and (*b*) in addition, imports of capital goods equal to the developing countries' requirements for external capital needed to raise the rate of growth of per capita income from the present rate of 1.8 to 3.2 per cent per annum. These imports of capital goods are estimated, on varying assumptions about capital-output ratios, to reach $4-$13 billion in 1969, but (by inference from the method of estimate) must be expected to decline subsequently as the domestic savings ratio rises.

[10] See notes *c* and *d* to Table 4.

[11] See the *Economic Survey of Europe in 1957*, Chapter V.

[12] Similar projections of Japan's future import requirements for traditional commodities have been made by the secretariat of ECAFE; see the *Economic Survey of Asia and the Far East 1959*, United Nations, Bangkok 1960, p. 90; and GATT, *International Trade in 1957*, Geneva 1958.

TABLE 5

Imports of foodstuffs, raw materials and fuels into western Europe, North America and Japan from less developed regions, 1959 and 1980

Millions of dollars, f.o.b.

Area	1959									1980									Volume index 1980 (1959 = 100)	
	Foodstuffs			Agricultural raw materials	Fuels	Minerals and ores	Base metals	Total	Total (excluding fuels)	Foodstuffs			Agricultural raw materials	Fuels	Minerals and ores	Base metals	Total	Total (excluding fuels)	Total	Total (excluding fuels)
	Total	of which: Tropical	of which: Fats and oils							Total	of which: Tropical	of which: Fats and oils								
Latin America	3 610	1 610	100	780	1 990	610	285	7 275	5 285	5 565	2 665	145	1 160	4 660	1 670	620	13 675	9 015	190	170
of which into :																				
Western Europe	1 490	470	55	425	590	115	210	2 830	2 240	2 200	730	80	550	1 500	520	460	5 230	3 730	185	165
North America	2 040	1 130	35	165	1 400	480	70	4 155	2 755	3 200	1 920	50	250	3 160	1 100	150	7 860	4 700	190	170
Japan	80	10	10	190	—	15	5	290	290	165	15	15	360	—	50	10	585	585	200	200
Middle East	105	—	—	110	2 570	—	—	2 785	215	145	—	—	155	7 150	10	—	7 460	310	270	145
of which into :																				
Western Europe	90	—	—	65	1 950	—	—	2 105	155	125	—	—	75	5 050	—	—	5 250	200	250	130
North America	15	—	—	35	340	—	—	390	50	20	—	—	60	750	—	—	830	80	215	160
Japan	—	—	—	10	280	—	—	290	10	—	—	—	20	1 350	10	—	1 380	30	475	300
Africa	2 190	730	525	735	50	420	500	3 895	3 845	3 090	1 205	645	1 025	120	1 100	1 205	6 540	6 420	170	165
of which into :																				
Western Europe	1 900	520	500	570	50	270	450	3 240	3 190	2 600	820	600	750	120	800	1 050	5 320	5 200	165	165
North America	270	210	15	120	—	115	50	555	555	450	375	25	190	—	200	140	980	980	175	175
Japan	20	—	10	45	—	35	—	100	100	40	10	20	85	—	100	15	240	240	240	240
ECAFE Asia (exclud. Japan)	1 160	405	260	1 250	165	175	85	2 835	2 670	1 660	545	345	2 155	520	375	125	4 835	4 315	170	160
of which into :																				
Western Europe	650	340	125	600	55	45	10	1 360	1 305	830	430	135	1 020	135	65	10	2 060	1 925	150	150
North America	370	65	105	460	55	60	55	1 000	945	540	105	160	735	120	95	85	1 575	1 455	160	155
Japan	140	—	30	190	55	70	20	475	420	290	10	50	400	265	215	30	1 200	935	255	225
Total of four regions	7 065	2 745	885	2 875	4 775	1 205	870	16 790	12 015	10 460	4 415	1 135	4 495	12 450	3 155	1 950	32 510	20 060	195	165
of which into :																				
Western Europe	4 130	1 330	680	1 660	2 645	430	670	9 535	6 890	5 755	1 980	815	2 395	6 805	1 385	1 520	17 860	11 055	185	160
North America	2 695	1 405	155	780	1 795	655	175	6 100	4 305	4 210	2 400	235	1 235	4 030	1 395	375	11 245	7 215	185	170
Japan	240	10	50	435	335	120	25	1 155	820	495	35	85	865	1 615	375	55	3 405	1 790	295	220

Sources and methods : See Appendix B.

discussed in section 2. It is there assumed that income and external trade in eastern Europe and the Soviet Union will continue to rise rapidly, and that total external trade turnover will reach $80 billion, or four times the 1958 volume, by 1980. A rise in average per capita consumption in the area of tropical fruits, coffee and cocoa, to something like today's levels of consumption in the industrialized countries of western Europe, could raise imports of such products by more than $2½ billion by 1980, and some increase in imports of other primary products of the developing countries might raise this increment to around $3 billion.

Expansion of intra-trade among the developing countries will undoubtedly also make some contribution towards enlarging their export markets for traditional commodities.[13] Some of their requirements for industrial raw materials may be met by imports from other developing countries. And while most of them will attach low priority to food imports, particularly of the luxury category to which many tropical foodstuffs belong, some new markets for coffee, tea, cocoa, as well as for grains and animal protein foods, may develop in these countries as per capita incomes rise.

But even when these two outlets are added to the prospects for expansion to existing markets in the industrialized countries, it is most unlikely that exports of traditional commodities can fill more than two-thirds of the estimated export gap. This would leave the remaining one-third, i.e. at least $15 billion, to be filled by exports of manufactures.

The postulated increase in the share of manufactures in total exports of the developing countries — from less than 10 per cent now to 30-35 per cent in 20 years' time — indicates the magnitude of the task with which both the developing countries themselves and all developed countries are faced. Equally rapid shifts in export structure have been achieved by individual countries in the process of industrialization, but there is no precedent for a wholesale shift of such magnitude. Merely in terms of the industrialization programmes of the developing countries, it implies an effort to expand manufacturing capacity enough to provide, in addition to industrial production for the domestic market, an eight- to tenfold increase in exports of manufactures.[14] For the developed countries, it implies a need to adapt the pattern of foreign trade, and to some extent the domestic industrial structure, to a gradual change of international specialization.

Daunting as it is, the size of the problem should not be exaggerated. For, in respect of manufactures even more than in respect of traditional commodities, the developing countries will find substantial export outlets in one another's markets; and they could develop an increasing exchange of manufactures with the Soviet Union, eastern Europe and mainland China, given favourable economic policies in these countries (see section 2). It is worth noting that intra-trade among the less developed countries already accounts for about one-half of their (admittedly small) total exports of manufactures. As their economies develop, they will become increasingly attractive markets for one another, particularly if they implement regional integration schemes such as that contemplated for Latin America.[15] Moreover, even among the industrialized countries, those of western Europe constitute only part of the potential market for exports of manufactures from the developing countries. The United States and Canada, Japan, Australia and New Zealand, together, represent a potential outlet rather larger than that of western Europe.

It is not unreasonable to hope that intra-trade among the developing countries, expanding trade with the eastern trading area, and exports to the developed countries outside Europe could absorb at least two-thirds of the necessary exports of manufactures by the developing countries, leaving at most one-third to be absorbed by western Europe. The resulting figure for imports of manufactures of, say, $5 billion,[16] must be

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[13] Since the import gap has been estimated here by aggregating the import requirements of individual developing countries, intra-trade can help to fill it.

[14] In economic planning in the developing countries, future developments in international trade must be considered in relation not only to industrial production for export, but also to plans for expanding production of traditional commodities. If the latter proves too great, relative to the absorptive capacity of world markets, the terms of trade will move against the producers of these primary products and the proceeds from exports of traditional commodities will be correspondingly reduced.

[15] See ECLA, *The Latin American Common Market*, Santiago 1959.

[16] The steps in the argument leading to this figure may be summarized (in round figures) in the following table showing aggregate external payments and receipts of the developing countries (excluding petroleum exporters) now and in 1980:

Billions of dollars

	Now	*1980*
Imports **Payments**		
Capital goods	(6)	20
Other	(17)	40
TOTAL	23	60
Exports **Receipts**		
Traditional commodities:		
to: Developed countries	12	20
Less developed countries	5	15
Eastern trade area		
	17	35
Manufactures		
to: Developed countries: western Europe	2	5
other		5
Less developed countries		5
Eastern trade area		
Capital imports	4	10[a]
TOTAL	23	60

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[a] *Plus* capital imports required to finance growing external debt service.

The projection, incidentally, implies that if the developing countries obtained the amount of capital aid and achieved the expansion of exports to the developed countries envisaged here, their foreign exchange receipts from the developed countries would be amply sufficient to finance their imports of capital goods, which would mostly have to be obtained from such countries.

compared, not with the present levels of industrial production and imports of western Europe, but with what these will be in 1980. Here, in turn, much clearly depends on the rate of economic growth achieved by western European economies over the next 20 years. If their incomes rise at annual rates similar to those assumed above for the calculation of their import requirements of traditional commodities — implying an almost twofold increase by 1980 — their total demand for manufactures will increase by 160 per cent, or about $370 billion.[17] Seen in this light, the problem appears much less formidable. It becomes a question of the countries of western Europe so adapting their domestic industrial expansion and commercial policies that between 1.5 per cent and 2 per cent of their *additional* domestic demand for manufactures is met by imports from the developing countries.

Of course, such entirely aggregative arithmetic paints too rosy a picture. It is not so much the overall growth of western European demand for manufactures that counts; for much of it will be for capital goods and new products of technologically advanced industries, and will be met, for the most part, by domestic production and intra-trade among the most developed countries. What matters more is the rate of growth of western European demand for the kind of manufactures that the developing countries will be able to supply. Here the situation is much less favourable, because for some of the traditionally most important manufactures — most obviously textiles — in the first stages of industrialization, demand in the developed countries is likely to grow relatively slowly. For textiles, and a wide range of other light industrial products, the task of finding adequate markets in western Europe for imports from the developing countries may call for a much smaller rate of *expansion* in domestic western European production over the next 20 years.[18] On the other hand, provided both that an adequate overall rate of growth is achieved in western Europe, and that the necessary adjustments in the domestic industrial structure of the western European countries are undertaken in time, there is no reason why the process should involve any absolute decline in any major European industry; and it is the threat of such absolute decline that is most liable to provoke recourse to desperate protective measures.

The foregoing provisos are crucial. The first — an adequate rate of growth — has no policy implications that are not familiar on other grounds. The second presents a major challenge to economic foresight in western European and other industrialized countries now. The matter is urgent not only because the issues must be widely understood before public opinion will permit governments to take measures running counter to long-standing prejudices and apparent short-run interests of particular groups, but because major decisions about the future industrial structures of the western European countries are at present being taken in the framework of the EEC and EFTA integration schemes. In this context, the challenge of the trade needs of the under-developed countries becomes an opportunity which may be lost in a few years' time.

In weighing the issues, the industrialized countries will do well to consider the alternatives. If the developing countries are not enabled to finance their growing import needs by expanding their exports on the lines discussed above, they have at best two possibilities. One is to attempt to develop their economies on as nearly autarkic a basis as possible. This is a realistic course only for two or three of the very largest, semi-continental, under-developed countries. The other is to push forward their programmes of development in the teeth of mounting balance-of-payments difficulties — and that means slowing down their rate of development. Either alternative involves a substantial loss of economic welfare to the world as a whole. Either also implies a loss to the developed countries, not least to the highly industrialized countries of western Europe, of the markets for their own exports which would result from rising incomes in the developing countries of Asia, Africa and Latin America.[18a]

The following sections of this chapter examine in more detail some aspects of the problem which has here been outlined in broad, and necessarily sketchy, terms.

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[17] The figures in the text are based on the following calculation:

Projection of manufacturing output [a] in developed countries, 1953-1980

At 1953 prices

	1953	1953-1980	1980	
	Value-added Billion dollars	Annual percentage rate of growth	Value-added	Value of output [b]
			Billion dollars	
Western Europe	79	5	295	590
North America	132	3.5	335	670
Japan	5	5	19	38
Oceania	4	5	15	30

Source : For value-added in 1953, United Nations, *Pattern of Industrial Growth 1938-1958*, pp. 448 and 456.

NOTE. — Taking value-added in western Europe in 1960 at $112 billion, and value of output at $224 billion, the increase in the value of output from 1960 to 1980 is $366 billion.

[a] All manufacturing.

[b] Assumed to be 200 per cent of value-added.

[18] See section 5 below.

[18a] If the proportion of capital equipment in the total imports of the developing countries should rise to one-third, as suggested by the experience of countries at present undergoing rapid industrialization (see Table 3), the aggregate export market for capital goods in the developing countries would approach a figure of $20 billion in 1980.

2. The Potential Role of Eastern Europe and the Soviet Union

The Current Levels of Trade

Even more than in western Europe, government policies in the importing countries will largely determine the rate of expansion and the structure of the market offered in eastern Europe and the Soviet Union for the exports of the less developed countries overseas.[19] The average annual value of this trade in 1957-1959 was very small:

Trade with less developed countries 1957-1959

	Soviet Union	*Six eastern European countries* [a]	*Total*
Annual average in millions of dollars:			
Imports	416	405	821
Exports	273	546	819
Percentage of total:			
Imports	9.3	6.6	7.8
Exports	5.8	9.0	7.6
Percentage of equivalent total trade of the less developed countries: [b]			
Imports	1.6	1.5	3.1
Exports	0.9	1.9	2.8

Sources : As for Tables 4 and 6.

[a] i.e. excluding Albania.

[b] Percentages based on data in the first two lines of this table and on the totals of less developed countries' exports and imports, respectively, in Table 4 above. They are thus only approximately accurate.

Although trade with eastern Europe and the Soviet Union is important to some individual less developed countries, it is an insignificant share in the total trade of the group. Until fairly recently most of the countries of eastern Europe and the Soviet Union were themselves exporters mainly of primary and semi-manufactured products; but their rapid industrial development has increased possibilities of mutually beneficial trade with the less developed countries overseas, and the small actual volume of this trade is in large part due to the economic policies pursued in the postwar years in eastern Europe and the Soviet Union. Thus it could be transformed, in time, if these policies should change.

Three factors in the present situation are particularly important in the context of this chapter.

First, the value of foreign trade turnover per capita in eastern Europe in 1958 was less than half of that in western Europe, and even in Czechoslovakia and eastern Germany it is only about three-quarters of the OEEC average: similarly, the per capita foreign trade of the Soviet Union is only one-quarter of that of the United States.[20] The differences between the shares of foreign trade in national income are probably less.

Secondly, both this relatively low level of total trade and the heavy concentration of the trade of these countries on exchanges within the eastern trade area — about 70 per cent of the total in 1958 — not only reflect past or present difficulties of access to some markets or to particular supplies, resulting from discriminating trade controls, tariffs, etc., in some of the western industrial countries; but even more, they reflect policies on the part of the countries members of the Council for Mutual Economic Assistance designed to ensure that the bulk of their fast-growing needs for vital fuels, materials and equipment are met from production within the CMEA area. Moreover, until recently, these countries have tended to give overwhelming priority in their import programmes to raw materials and equipment, and to view imports of foodstuffs, consumers' manufactures or even materials for the consumer-goods industries, as " luxuries " acceptable in return for exports of similar products but normally representing only a " less desirable " return for exports of equipment or " hard " materials. Thus comparative-cost criteria have so far played a relatively small part in influencing trading policies in eastern Europe, and an even smaller part in the Soviet Union, though concern with the economic " efficiency " of foreign trade — in other words, with comparative costs — has been growing in recent years, in the former countries at least.[21]

A third factor is the importance of the Asian countries of the eastern trade area as importers of equipment (partly financed by credits) from the Soviet Union and eastern Europe and as exporters of raw materials and some foodstuffs and consumers' manufactures. About 20 per cent of the trade of the Soviet Union and 7 per cent of that of eastern Europe is now with these countries (see Table 6).

Institutional factors, such as price structures and exchange rates, inconvertibility of currencies and a preference for bilateral balancing of payments have probably not, so far, been a significant hindrance to the growth of trade with the less developed countries overseas. In fact, the visible trade deficit regularly registered since 1955 by the Soviet Union with these countries as a group, despite the fact that credits have been advanced to them, suggests that rigid bilateral balancing of payments has not in this case been the rule.

As can be seen from the figures in Table 6, trade with the less developed countries grew fast during the

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[19] In all that follows, the phrases "less developed countries" or "less industrialized countries", etc., when used without qualifications are to be interpreted as in sections 1 and 2, i.e. as excluding the Asian countries of the eastern trade area — mainland China, North Korea, North Viet-Nam and Mongolia.

[20] See " Foreign Trade and Economic Development in Eastern Europe and the Soviet Union ", *Economic Bulletin for Europe*, Vol. 11, No. 1, pp. 43 and 54.

[21] *Ibid.*, pp. 67-72.

Table 6

Changes in the area distribution of Soviet and eastern European trade, 1951 to 1959

Area	1958		Imports			Exports		
	Imports	Exports	1950 to 1955	1955 to 1958	1958 to 1959	1950 to 1955	1955 to 1958	1958 to 1959
			Cumulative annual percentage rates of growth					
Soviet Union — Total [a] (in million dollars)	4 350	4 298	16.0	12.4	16.6	14.1	7.4	26.6
of which (in percentage shares) :								
Eastern trade area	73.3	71.8	16.1	9.9	17.1	12.5	4.5	32.2
of which : Eastern Europe	50.7	54.0	14.3	9.9	14.2	12.9	9.0	27.2
Asian countries	22.6	17.8	20.9	10.1	23.6	11.8	−5.8	47.3
Western developed countries	16.1	17.7	11.6	16.2	18.5	18.2	9.5	23.2
of which : Western Europe	15.0	16.6	12.1	13.8	18.7	22.6	8.9	22.7
Overseas industrial countries	1.1	1.1	11.0	112.5	16.7	−11.7	20.0	30.7
Australia and New Zealand	—	—	..	—	—	..	—	—
Overseas less-developed countries	10.2	8.0	..	31.8	11.0	..	58.4	−11.8
of which : Africa	3.0	2.1	20.3	54.3	32.5	14.5	103.0	5.8
Middle East and Asia	5.9	5.4		48.4	1.2		64.2	−21.9
Latin America	1.3	0.5	..	−9.1	−3.5	..	−1.4	18.9
Six eastern European countries [b] — Total (in million dollars)	5 744	5 990	11.9	9.8	19.9	13.2	9.2	13.7
of which (in percentage shares) :								
Eastern trade area	68.2	69.5	13.4	9.2	26.0	15.4	8.7	15.2
of which : Soviet Union	36.9	36.8	12.3	11.9	31.0	17.1	7.7	16.0
Eastern Europe	25.9	25.1	11.3	5.4	19.5	9.9	7.4	57.9
Asian countries	5.4	7.6	77.2	11.3	23.2	4.2	18.9	−11.5
Western developed countries	24.9	22.0	4.1 *	11.9	3.3	3.7 *	9.4	8.4
of which : Western Europe	22.5	21.0	7.6	9.7	7.5	5.7	10.5	8.3
Overseas industrial countries	2.1	0.9	−9.7 *	85.8	−14.8	−5.7 *	6.3	14.8
Australia and New Zealand	0.3	0.1	..	0.0	42.9	..	5.3	0.0
Overseas less developed countries [a]	6.9	8.5	15.3 *	7.2	10.5	22.7 *	10.4	15.0

Sources : National statistics. [a] Including trade with unspecified countries. [b] i.e. excluding Albania.

fifties. But an examination of the development, country by country, shows that many bilateral exchanges have fluctuated very widely from year to year, a fairly large share of the total trade — particularly of the Soviet Union — being accounted for by exchanges under special trade and credit agreements which have not always been followed by a continuing steady flow of trade.

For example, 1959 seems, for the Soviet Union, to have been a year when the impetus to trade given by some major agreements negotiated earlier was becoming exhausted, and several newly developing trade flows — with some African countries for example — had not yet grown to major proportions. Imports from Latin America, after falling in 1956 and then rising sharply in 1957, again fell in 1958 and 1959; but the latter year saw a new rise in Soviet exports to that area. Imports from the Middle East and Asia levelled off in 1959 and exports to these areas fell by one-fifth. Imports from India rose by about one-fifth, but exports to that country fell by 40 per cent — reflecting mainly the phasing of deliveries of equipment for the Bhilai Steelworks; trade turnover with Iran and with Indonesia fell by 30 per cent, the fall in exports to the latter country reflecting the completion of agreed deliveries of ships; trade with Egypt, having doubled in 1957, levelled off in 1958 and fell by some 10 per cent in 1959. Trade and credit agreements recently negotiated between the Soviet Union and both India and Indonesia are intended to initiate a new phase of expansion of trade with these countries.

The Commodity Pattern of Trade

The present concentration of eastern European and Soviet trade on fuels, raw materials and equipment, despite some recent tendencies towards greater diversification, is indicated by the data in Table 7; and Table 8 gives a summary picture of the pattern of Soviet trade with the less industrialized countries. Similar data for the eastern European countries are not available; but Table 9 shows the composition of combined eastern European and Soviet trade with the less industrialized countries as stated in the trade statistics of these latter countries for 1958. These figures give only a very rough indication of absolute and relative magnitudes: the totals are, of course, the sums of the trade separately specified by the partner countries and thus are understated, as compared with the totals reported by the Soviet Union and six eastern European countries (to the extent of about $185 million for im-

TABLE 7

Commodity composition of Soviet and eastern European trade

Countries and commodity class	1958 value (Million dollars)		Cumulative annual percentage rates of growth 1955 to 1958	
	Imports	Exports	Imports	Exports
Soviet Union — Total [a]	4 350	4 298	12.4	7.4
of which :				
Machinery and equipment	1 065	795	4.8	9.9
Fuels and raw materials	1 931	2 343	15.1	13.2
Processed and unprocessed food	641	528	1.7	9.8
Consumers' manufactures	618	153	61.3	14.1
Five eastern European countries [b] **— Total**	5 262	5 522	9.8	9.4
of which :				
Machinery and equipment	1 009	2 195	10.1	11.6
Fuels and raw materials	2 799	1 876	12.6	3.2
Processed and unprocessed food	1 005	758	2.6	11.7
Consumers' manufactures	449	693	12.5	21.5

Sources : National statistics.

[a] Including unclassified products.

[b] Bulgaria, Czechoslovakia, eastern Germany, Hungary and Poland.

ports and $260 million for exports), and the commodity distributions are likewise affected. However, a very approximate summary classification of the trade can, nevertheless, be estimated from the data in Tables 8 and 9:

Estimated commodity composition of Soviet and eastern European trade with overseas non-industrial countries in 1958

	Imports		*Exports*	
	Soviet Union	*Eastern Europe*	*Soviet Union*	*Eastern Europe*
Total in millions of dollars	447	398	346	506
Percentage distribution				
Machinery and equipment	1	6	45	20
Consumers' manufactures			5	55
Fuels and raw materials	84	68	50	25
Foodstuffs and tobacco	15	26		

The Soviet Union so far offers these countries a direct market for little more than raw materials of agricultural origin and foodstuffs. Foods, beverages and tobacco accounted for 15 per cent of the total in 1958 and hides, fibres and rubber for another 83 per cent, the remainder being mainly small quantities of petroleum.[22] However, some products bought in other countries (and entered in the Soviet statistics as trade with such countries) come originally from the less industrialized areas.[22a]

Eastern European direct imports from less industrialized countries are similarly concentrated on raw materials and fuels (of which minerals are only about 4-5 per cent of total imports) though imports of foodstuffs and tobacco are more important than in the Soviet Union, amounting to some 26 per cent of the total.

As a supplier to the less industrialized countries, the Soviet Union provides mainly equipment and raw materials and fuels — the latter groups being slightly more important than equipment. One-fifth of total Soviet exports of machinery goes to these countries (frequently in the form of equipment for complete factories, and linked with technical assistance), one-twentieth of exports of primary products (including unspecified goods) and one-tenth of all exports of consumers' manufactures. The eastern European countries as a group appear to have built up a quite significant export trade in consumers' manufactures, to a level that much exceeds that of their exports of equipment to these areas.

TABLE 8

Soviet foreign trade with less developed countries in 1958 by commodity classes

Millions of dollars

Commodity class [a]	All countries	Asian countries of eastern trade area	Overseas less developed countries			
			Total	Africa	Middle East and Asia	Latin America
Imports						
Total [b]	4 350	985	447	132	258	57
of which : Fuels, raw materials and foods [c]	2 667	..	443 [d]	132	254	57
Exports						
Total [b]	4 298	765	346	92	231	23
of which : Fuels, raw materials and foods [c]	3 350	374	175	76	76	23
Machinery and equipment	795	366	155	15	140	—
Consumers' manufactures	153	25	16	1	15	—

Sources : Vneshnyaya torgovlya SSSR 1958; and *Statistichesky obzor.*

[a] CMEA categories.

[b] Including trade with unspecified countries.

[c] Including unspecified items (2.2 per cent of total imports and 11.1 per cen of total exports).

[d] Of which: $68 million unprocessed and processed food.

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[22] In 1959, the composition was affected by the purchase of 55,000 tons ($35 million) of copper from Rhodesia and Uganda.

[22a] Examples include some metals bought in London. Imports of copper from the United Kingdom in 1958, as shown in Soviet trade statistics, amounted to 66,000 tons, and another 27,000 tons were bought from other west European countries.

TABLE 9

Trade of the Soviet Union and eastern Europe with overseas less industrialized countries [a] in 1958, by commodity classes

Millions of dollars

Area	Total	Machinery and transport equipment	Other manufactured goods	Fuels, crude materials and chemicals	Food, beverages and tobacco
Imports					
Total less industrialized countries	675	—	23	518	134
of which : Sterling area [a]	245	—	9	190	46
Associated territories of continental western Europe	17	—	—	9	8
Middle East (excluding sterling area countries)	250	—	12	208	30
Far East (excluding Japan)	30	—	—	29	1
Latin America	133	—	2	82	49
Exports					
Total less industrialized countries	601	173	216	139	73
of which : Sterling area [a]	230	119	97	6	8
Associated territories of continental western Europe	17	—	6	7	4
Middle East (excluding sterling area countries)	230	27	77	76	50
Far East (excluding Japan)	28	12	9	3	4
Latin America	96	15	27	47	7

Source · United Nations, *Monthly Bulletin of Statistics*, 1960, No. 2, pp. XVIII-XXXI.

NOTE. — The commodity groups here shown correspond to sections of the Standard International Trade Classification: SITC section 7, Machinery and transport equipment; sections 6 and 8, Other manufactured goods; sections 2-5, Mineral fuels and related materials, crude materials and oils and fats, chemicals; sections 0 and 1, Food, beverages and tobacco.

[a] Including Australia and New Zealand, which provided about $13 million o imports into the Soviet Union and eastern Europe and took $7 million of exports from those countries in 1958.

The Plans for Trade Expansion up to 1965

The current eastern European and Soviet plans for the period up to 1965 envisage a continuing rapid growth of production and a rather faster growth of external trade (see Table 10). Those eastern European countries which have also published estimates of trade with the eastern trade area alone foresee a somewhat faster expansion of this sector of trade than of the total, at annual percentage rates of 11.3 in Czechoslovakia,[23] and 8.8 in eastern Germany and Hungary. The Directives for the Soviet Seven-year Plan foresaw a rise in this sector of trade at a rate of only about 6 per cent a year; but this target has almost certainly been revised upwards.[24]

Precise indications of expected rates of expansion of trade with other areas are few; but in Czechoslovakia the share of trade with less industrialized "western" countries is expected to rise from the present 11 per cent to something over 12½ per cent; in Poland a rise in the share from the present 7 per cent to 8½-9½ per cent is expected, and in Hungary it has been stated that "in our trade with non-socialist countries we shall increase turnover especially with those countries that have been liberated from colonial rule and continue to struggle for a consolidation of their national independence".[25] These three countries have recently accounted for about 70 per cent of the total eastern European trade turnover with the less industrialized countries, so that it may not unreasonably be supposed that a doubling of the total turnover for the group — so that it would reach about $1.8 billion in 1965 — could be consistent with the overall plans.

If it is assumed also that Soviet trade with the less industrialized countries will recover from the levelling-off in 1959 and rise as fast as the total, turnover in 1965 would reach $1.6 billion; and recently negotiated trade agreements suggest that such an assumption may even be too modest. For example, discussions between the Soviet and Indian authorities are reported to have resulted in an agreement envisaging the near-doubling of mutual trade between 1960 and 1963,[26] and an agreement with Indonesia provides *inter alia* for turnover in 1963 to rise to three times the 1959 level.[27] Other agreements foresee similarly rapid increases in turnover, for example, by 100 per cent from 1959 to 1962 in trade with Brazil.

Many such trade agreements have in the past been linked with medium or long-term credits to the less

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[23] Including trade with Yugoslavia.

[24] See also the SURVEY for 1959, Chapter III, section 5, and the *Bulletin*, Vol. 12, No. 1, p. 23.

[25] *Társadalmi szemle*, No. 10, 1959, p. 115. For indications of plans in Czechoslovakia and Poland see *Zahraniční obchod*, No. 1, 1961, pp. 8-9, and *Handel zagraniczny*, No. 5-6, 1959, p. 223.

[26] *Vneshnyaya torgovlya*, No. 11, 1960.

[27] *Vneshnyaya torgovlya*, No. 9, 1960, pp. 45-47.

TABLE 10

Actual and planned growth of net domestic product and external trade in eastern Europe and the Soviet Union

Cumulative annual percentage rates of growth

Country	Net domestic (material) product		Foreign trade turnover		Exports	Imports
	1950 to 1958	1958 to 1965 Plan	1950 to 1958	1958 to 1965 Plan	1958 to 1965 Plan	1958 to 1965 Plan
Bulgaria	9.2	..	13.7	..	..	..
Czechoslovakia	7.6	7.3	9.2	10.0	10.7	9.2
Eastern Germany	8.6	6.8	19.1	8.1	9.3	7.2
Hungary	5.9	6.0	9.4	8.5	..	..
Poland	8.1	6.5-7.0	7.3	7.9-8.4	9.7	6.2-7.2
Rumania	9.9	9.8-10.7	9.7	11.6	..	..
Soviet Union	10.5	7.2-7.4	13.0	10.4	..	..

Sources : *Sbírka Zákonů ČSSR*, 25 November 1960, *Zahraniční Obchod*, No. 1, 1961; *Planované Hospodářství*, No. 12, 1960; *Statistické Zprávy*, No. 8, 1960; *Közgazdasági Szemle*, Nos. 8-9, 1960, pp. 928, 936; *Agerpress Information Bulletin*, 25 May 1960, p. 23; and *Scînteia*, 31 August 1960; and, for unrevised plans, the SURVEY for 1959, Chapter III, Tables 1, 27 and 28.

NOTE. — Plan as enacted in Czechoslovakia; base figures for the elaboration of the plan law in Hungary; revised plan directives in Poland; plan directives in other countries, except the Soviet Union, for which the source for the trade plan is a statement by the Minister for Foreign Trade (see also the *Economic Survey of Europe in 1959*, Chapter III, Tables 1 and 27 and p. 45).

industrialized countries. According to a Soviet source, credits granted to " western " less developed countries since 1955 have exceeded 9 billion roubles ($2¼ billion),[28] and other published data available to the secretariat indicate that the flow of such credit has been increasing:

Credits extended to overseas less developed countries

Millions of dollars

	1956	*1957*	*1958*	*1959*	*1960*	*Total 1956-1960*
Creditors						
Soviet Union	215	132	405	755	495	2 122 [a]
Czechoslovakia	—	56	—	25	63	144
Eastern Germany	—	—	—	9	—	9
Hungary	—	—	—	—	8	8
Poland	—	—	—	45	40	85
Receiving areas						
Asia and Middle East	215	132	30	699	368	1 564 [a]
Africa	—	56	275	135	10	476
Latin America	—	—	100	—	228	328

Source : Appendix Table XIII.

[a] Including three credits to Afghanistan (total $120 million) that cannot be attributed to particular years.

This five-year total — $2.4 billion — is extremely large in relation to the annual value of exports to the recipient countries from the Soviet Union and eastern Europe — $819 million during 1957-1959, of which only $273 million from the Soviet Union. It is in even more striking contrast with the visible trade balance with these countries over the same years — a Soviet deficit of $143 million a year almost exactly offset by an eastern European surplus. Part of the explanation appears to be that most of these credits have been made available to finance deliveries of equipment for specific projects to be completed over a fairly long period, and that a considerable proportion of the total is still undrawn.

If the assumption made above is correct — that the Soviet Union and the eastern European countries collectively envisage a doubling of their trade turnover with the less industrialized countries between 1958 and 1965 — the question arises how far this will take the form of an increase of credit-financed exports and to what extent, and how soon, the subsequent growth of imports will accelerate relatively to that of exports, so as to replace the support of " aid " by that of " trade " and to ease the process of debt repayment.

The long-term plans so far published provide for increases in industrial output as follows:

Cumulative annual percentage rates of growth 1958-1965

	Czechoslovakia	*Eastern Germany*	*Hungary*	*Poland*	*Rumania*	*Soviet Union*
All industry	9.9	9.4	7.0	8.9	12.7	8.8
of which :						
Consumers' goods	6.8	8.5	4.6	7.6	11.2	7.4
Producers' goods	11.9	10.0	8.8	10.0	14.1	9.3

Sources : As for Table 10.

The plan for Bulgaria, expected to be published soon, will probably provide for growth rates of the order of 10 per cent a year or more. The three countries which have published plans for imports of fuels and raw materials (including semi-manufactures) — Czechoslovakia, Hungary and Poland — predict annual percentage rates of growth of 7, 7½ and nearly 6 respectively. For the area as a whole, allowing for a rather low import dependence in the Soviet Union, it might be assumed that total imports of fuels and raw materials from all sources would rise from some $5 billion in 1958 to $7½-8 billion in 1965.

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[28] *Pravda*, 4 November 1960. The receiving countries listed are India, Pakistan, Indonesia, Burma, Nepal, Ceylon, Cambodia, United Arab Republic, Iraq, Yemen, Guinea, Ghana, Ethiopia and Turkey.

But a very large proportion of any such increment of total imports of the products now available from the less industrialized countries is likely to be satisfied by intra-trade. The area is — and is likely to remain — virtually self-sufficient in fuels; annual imports of non-ferrous metals from outside the area are already small — about 100,000-120,000 tons of copper, 15,000 tons of zinc and insignificant quantities of tin and lead — and all producing countries within the CMEA area are planning to raise output very fast; the same is true of basic chemicals, and steeply rising output of natural and synthetic fibres and of plastics will tend to limit the growth of demand for imports of natural fibres and, to some extent, for metals also.[29]

The plans for output of cotton and woollen fabrics and footwear give some indication of probable rates of growth of consumption of related materials although, in the Soviet Union at least, the figures given below include fabrics incorporating a proportion of synthetic fibres:

Planned increases in output of fabrics and footwear

Percentage increase 1958 to 1965

	Cotton fabrics	*Woollen fabrics*	*Footwear*
Czechoslovakia	17	21	30
Eastern Germany	65	168	85 *
Hungary	45 *	46 *	60 *
Poland	30	30	41
Rumania	111	80	87
Soviet Union	33-38	65	45

Sources : As for Table 10.

Soviet imports of cotton amounted to 142,000 tons in 1958 and eastern European imports to 402,000 tons (of which some 180,000 tons came from outside the eastern trade area.)[30] Soviet production is planned to rise in step with consumption by the cotton mills (i.e. by about 35 per cent), so that the net export surplus should rise at about the same rate; and the planned rise of eastern European output of fabrics would probably require something like a 40 per cent increase in total imports of cotton. Thus total imports from outside the area might well rise from some 320,000 tons to 400,000-500,000 tons by 1965, but for the probability of large-scale replacement by synthetic fibres. In the Soviet Union alone, the increase in production of synthetic substitutes for cotton is estimated at the equivalent of 117,000 tons.[31]

Imports of wool into eastern Europe and the Soviet Union from outside the area amounted to 90,000 tons (washed) in 1958. Of this, 55,000 tons was imported into the Soviet Union, supplementing domestic production of 192,000 tons. A 65 per cent increase in output of fabrics would raise Soviet requirements by some 160,000 tons; it is planned to raise domestic output of wool by 140,000 tons over the same period and production of synthetic substitutes by 130,000 tons.[32] For the CMEA area as a whole a 70 per cent rise in raw wool production from 1958 to 1965 is planned,[33] so that there seems to be no prospect of any rise in imports into the area if all the plans are fulfilled. Australia and New Zealand, which supplied 36,000 tons of the area's imports of wool in 1958, will compete with the less developed countries for whatever trade takes place.

Jute is another fibre for which it seems that replacement of imports by home production is planned in the Soviet Union. Annual imports of raw jute in 1958-1959 were 22,500 tons and state procurements of jute and kenaf (a substitute) in Uzbekistan amounted to about 38,000 tons of fibre in 1960 [34] or 50 per cent more than initially planned for 1965. It is apparently now planned to raise this production by 1965 to about 75,000 tons "to satisfy fully the country's requirements of this valuable raw material." [35]

Imports of cattle hides — 74,000 tons into the Soviet Union in 1958 and 118,000 tons into eastern Europe — might be expected to rise by rather less than the growth of output of footwear in the former country, since increasing use of synthetic leather is planned to save the equivalent of 2½ million cattle hides (total imports in 1958) and 4 million skins of pigs, sheep and goats,[36] and some similar substitution may be expected elsewhere also. A very rough guess might nevertheless put the growth of imports into the area at some 40 per cent.

Imports of natural rubber are still more difficult to gauge, but prospects do not appear very favourable. The 1958 total was 259,000 tons for the Soviet Union and 151,000 tons for eastern Europe. Synthetic production is to rise in eastern Germany, and is being started in Poland, Rumania and Czechoslovakia; and Soviet capacity in 1965 is planned to be 3.4 times that of 1957. The 1965 output targets of the first three countries total 205,000 tons.

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[29] See the detailed discussion below, and also the SURVEY for 1959, Chapter III, pp. 30-35, 39-40 and 42 and the *Bulletin*, Vol. 11, No. 1, pp. 57-58.

[30] Based on the area distribution of imports into Bulgaria, Czechoslovakia, Hungary and Poland only.

[31] See the SURVEY for 1959, Chapter III, p. 39.

[32] *Ibid.*

[33] *Ibid*, p. 42.

[34] Assuming an 18 per cent ratio of fibre to stem for jute and kenaf together.

[35] Statement by the First Secretary of the Uzbekistan Communist Party, *Pravda*, 13 January 1961.

[36] SURVEY for 1959, *loc. cit.*

Thus the indications given by published plans do not suggest a very rapid growth of imports of raw materials of particular interest to the less developed countries.

Imports of tropical foodstuffs from these countries, however, seem more likely to continue to rise fast. By 1958 total imports of foodstuffs and tobacco from the less developed countries had reached a value of about $170 million — $68 million into the Soviet Union and about $100 million into eastern Europe — and they represented in each area about 10 per cent of all food imports. But any attempt to forecast their development by a particular date is rendered especially hazardous by the fact that they are not very closely related, as are imports of raw materials, to other elements in the development plans of the importing countries. They are thus more susceptible to sudden restriction in the face of unforeseen balance-of-payments stringency, and to sudden increase if some new trade possibility unexpectedly materializes. A recent example of a very sudden variation is provided by the 1960-1962 trade agreement between the Soviet Union and Brazil, which implies that Soviet imports of coffee will rise to 10 times their 1958 level by 1962.[37]

Nevertheless, in this field also plans for reducing import dependence for some products have been announced in the Soviet Union. As was noted in the last SURVEY,[38] pledges had been given, by early 1960, to raise tea production sufficiently to reduce imports from 25,000 tons in 1958 to 8,000-13,000 tons in 1965, and more recently the intention has been stated to raise output in Georgia and the other trans-Caucasian republics so as to cover all the Soviet Union's needs from domestic output "in the shortest possible time".[39] It is planned to more than double the production of citrus fruit in Georgia between 1960 and 1965, and the additional production would equal about one-third of the 104,000 tons of imports in 1959. State procurements of rice in the Soviet Union are apparently to be raised to 1 million tons "in the next few years", so as to satisfy all domestic needs [40] and to eliminate imports, which amounted to 500,000 tons in 1958 and 689,000 tons in 1959. Indeed, prospects for imports of rice — together with oil-seeds and vegetable oils, sugar and tobacco — into the CMEA area as a whole must be regarded as rather unfavourable, in view of likely competition from local production and from suppliers in the Asian countries of the eastern trade area.

However, prospects for coffee, cocoa and tropical fruits seem very promising. As can be seen from the following figures, per capita imports in 1958 varied widely from one country to another:

Per capita imports of some tropical foodstuffs in 1958

Kilogrammes

	Coffee	*Cocoa beans*	*Tea*	*Tropical fruit* [a]
Bulgaria	—	0.10	—	0.71
Czechoslovakia	0.40	0.62	0.13	1.96
Eastern Germany	0.91	0.53	0.10	1.22
Hungary	0.13	0.21	0.02	0.54
Poland	0.06	0.30	0.11	1.23
Rumania	0.01	0.01	—	0.22
Soviet Union	0.02	0.05	0.12 [b]	0.68 [c]

Sources: FAO, *Trade Yearbook 1960* and United Nations, *Monthly Bulletin of Statistics*, 1960, No. 12.

[a] Citrus fruits, bananas and dates.

[b] Covers 43 per cent of total consumption (0.28 kg per head).

[c] This does not represent total consumption, but the level of domestic production is unknown.

The eastern German long-term plan provides for imports in 1965 at 3.2 times the 1958 level for coffee, and 3.9 times and 3 times that level for cocoa and tropical fruits respectively; and in Poland, it is planned to double the 1958 levels of imports of cocoa, citrus fruits and other tropical food products.[41] If similar rates of growth of imports in relation to the planned growth of personal income were achieved in the other countries, the total rise in imports of these foodstuffs would be as shown in Table 11.[42] The value of these imports at 1958 prices would rise from $130 million to $310 million, and the countries of the eastern trade area would probably be serious competitors only in the market for tea ($21 million). However, this calculation may tend even to under-estimate the actual growth of this trade up to 1965, since several agreements recently negotiated indicate that purchases of Cuban sugar, bananas from Guinea and other similar products may, in the next few years, be far above the levels implied by published overall trade plans.

Thus imports of these foodstuffs, together with those of the particular raw materials mentioned above, may well approach $900 million in 1965 compared with $685 million in 1958. But if the share of the less industrialized countries in the total trade is not to fall, a very steep rise of other imports from these areas will then be required — from $160 million in 1958 to $700-800 million in 1965 — which would have to be contributed mainly by goods other than the traditional primary products.

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[37] *Vneshnyaya torgovlya*, 1959, No. 12.

[38] Chapter III, p. 39.

[39] Statement by the First Secretary of the Georgian Communist Party (*Pravda*, 13 January 1961) and also by Mr. Khrushchev (*Pravda*, 12 February 1961).

[40] Speech by Mr. Khrushchev, *Izvestia*, 21 January 1961.

[41] *Handel zagraniczny*, 1959, No. 526, pp. 222-223.

[42] "Income elasticities of demand" applied are: for coffee 2.2, for tropical fruit 2.3, for cocoa 1.8 in Czechoslovakia and eastern Germany and 2.3 elsewhere; but the estimate of Soviet imports of coffee takes into account the rise already planned for 1962. Soviet imports of tea are assumed to be eliminated, and imports of tea into other countries are assumed to reach the present per capita level in Czechoslovakia.

TABLE 11

Imports of tropical foodstuffs into the Soviet Union and eastern Europe in 1958, and import prospects for 1965 and 1980

Commodity and importing area	Imports in 1958				Prospective imports 1965		Prospective imports 1980	Values of imports at 1958 prices in millions of dollars		
	Thousands of tons	Percentage share in total			Thousands of tons	Percentage increase since 1958	Thousands of tons	1958	Prospective	
		Eastern trade area	Western industrial countries	Less industrialized countries					1965	1980
Natural coffee										
Soviet Union	4	5	54	41	70	1 650	1 440	26	128	1 320
Eastern Europe	24	— [a]	— [a]	100 [a]	68	180				
Cocoa beans										
Soviet Union	10	—	1	99	25	130	820	33	84	690
Eastern Europe	29	— [a]	42 [a]	58 [a]	75	160				
Tea										
Soviet Union	26	2	52	46	—	−100	..	39	21	..
Eastern Europe	7	100 [b]	— [b]	— [b]	18	150				
Citrus fruits, bananas, dates										
Soviet Union	142	..	..	60	330	135	9 124	32	75	1 030
Eastern Europe	108	— [a]	89 [a]	11 [a]	250	130				

Sources: FAO, *Trade Yearbook 1959;* United Nations, *Monthly Bulletin of Statistics; Der Siebenjahrplan der Deutschen Demokratischen Republik,* 1959 and *Handel Zagraniczny*, 1959, No. 5/6. For prospective 1965, see explanation in text. For prospective 1980, western German per capita consumption levels in 1959 and population projections of the ECE secretariat.

[a] Refers to Bulgaria, Czechoslovakia and Poland, which imported 7,000 tons of coffee, 18,000 tons of cocoa and 66,000 tons of tropical fruit.

[b] Distribution refers to Czechoslovakia, Hungary and Poland, which imported 5,000 tons of tea.

The Longer-run Possibilities

Looking ahead over the next 20 years — up to about 1980 — it is difficult to do more than stress that the possibilities of an expanding market for the less industrialized countries in eastern Europe and the Soviet Union are immense, particularly if the latter countries start *soon* to adjust their policies so as to reap the advantages of a much wider international division of labour.

For a few products, however, the prospects depend mainly on other factors. For example, the longer run expansion of imports of tropical foodstuffs will depend primarily on the levels of per capita consumption of such products which the planning authorities consider these economies can afford; and the " prospective imports " into eastern Europe and the Soviet Union in 1980 shown in Table 11 are based on the assumption that per capita consumption of these products will be raised by that date to about the levels now prevailing in western Germany. This would raise the total value of such imports to something over $3 billion compared with $130 million in 1958 (and compared with world exports of these products in 1958 of less than $4 billion). Such projections, of course, give only a very rough indication of the possibilities. On the one hand, it may be argued that, for example, Soviet consumption of coffee is unlikely to rise even to today's level in western Germany,[43] since consumers in the former country may have a strong preference for tea: on the other, there is no particular reason why consumption of tropical fruits should not rise in these countries by 1980 to well above the present, relatively low, west German level. If the authorities in these countries should decide to devote a significant proportion of engineering capacity to raising " luxury " consumption — by exporting increasing quantities of equipment to the less developed countries in return for these countries' traditional products — the market in eastern Europe and the Soviet Union for tropical foodstuffs, high-value woods, or even rubber could, in the aggregate, rise far above $3 billion by 1980.

For other products of the developing countries, including both raw materials and light manufactures, the rate of overall economic growth of the planned economies and the extent to which their authorities are prepared to plan for a wide international division of labour are likely to be decisive. Avoiding the danger of over-optimism, it may be supposed that some slackening of the pace of general economic expansion in eastern Europe and the Soviet Union is likely to occur after 1965.[44] Assuming the current plans for the years up to 1965 to be fulfilled, a subsequent annual rate of growth of net domestic (material) product of 6 per cent, for example, would suffice to raise the domestic product of the whole area to about four times the 1958 level by 1980.[45] It may also be expected that — even given a " liberalization " of trading policies — the rise in the " foreign trade content " of domestic product will gradually come to an end, as the rather low proportions of the past are built up to a more normal level.

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[43] Where per capita consumption is nevertheless only 70 per cent of that in France.

[44] Two factors supporting such a supposition are the prospects of a slowing down of the rate of growth of the industrial labour force in the area and of an increasingly diverse pattern of expansion (including a relatively faster growth of services) to be expected as total income rises.

It might be reasonable to suppose that, in a country the size of the Soviet Union, foreign trade would not rise by more than about 0.8 per cent for each 1 per cent increase in domestic product from 1965 to 1980, but that in the eastern European countries as a group a 1 : 1 ratio would apply. On these rather conservative assumptions, the total trade turnover of the Soviet Union and eastern Europe in 1980 would reach $80 billion (equal to the trade turnover of western Europe in 1958) compared with $20.4 billion in 1958; and a proportionate increase in their imports from the developing countries would raise this trade from $845 million in 1958 to over $3¼ billion. If, in fact, tropical foodstuffs alone provided an increment of more than $2½ billion, and if eastern European and Soviet markets were opened much more widely to imports of consumers' manufactures, the rise might well be greater — perhaps to some $5-6 billion by 1980. Of such a total, some $1½-2 billion might well be provided by light manufactures and additional processing of basic materials (the latter probably only a small amount). The capacities of the light industries of eastern Europe and the Soviet Union are not as yet seriously over-expanded — as are some of those in western Europe — in relation to the likely domestic market for their products in the fairly near future; and it should be relatively easy to base future investment policies on plans for fairly quickly growing imports of such products from the developing countries.

The Soviet Union and the eastern European countries could easily become far more important suppliers of equipment, and of the more capital intensive consumer-goods, to the less industrialized areas if a bilateral balancing of this trade should prove necessary, or were considered desirable. Their exports of machinery and equipment to all destinations quadrupled from 1950 to 1958 and reached $3 billion in the latter year ($0.8 billion from the Soviet Union and $2.2 billion from eastern Europe). In all these countries the planned annual rates of growth of engineering output up to 1965 range from 8½ per cent to 14½ per cent, and four of them [46] have planned increases in exports of these products over the same period at annual rates of 10-15 per cent. With industries already adjusted to such rates of expansion a continuing rapid rise of exports should be relatively easily achieved if markets are growing sufficiently to absorb them. Moreover, in the smaller countries of eastern Europe, an increasing orientation of their engineering output towards export markets may be desirable on other grounds also. In several countries, economies of scale are impossible to achieve in certain branches if the volume of output has to be restricted to the absorptive capacity of the domestic market. CMEA plans for specialization within the area have been laid partly with this fact in view: the further extension of the principle of specialization so as to embrace large-scale production for export outside the CMEA area also would be a logical development.

The position of the Asian countries of the eastern trade area — and particularly of mainland China — may well have changed by 1980. For some years to come these countries will, in a sense, compete with other less industrialized countries — as candidates for aid from the Soviet Union and the more industrialized countries of eastern Europe, as buyers of equipment and as suppliers of primary products. But if mainland China's immense industrialization programme proceeds at rates approaching those planned, that country may well be tending by 1980 to become a market for a wide range of crude and processed materials and a supplier not only of such goods, but also, increasingly, of heavy engineering products. There might also be some trade both ways in light manufactures, not only with mainland China, but, even more, with other Asian countries of the area.

In many respects the present institutional characteristics of eastern European and Soviet trade should favour an expansion of exchanges with the less industrialized countries. The value attached by the authorities of the countries of planned economy to the relative certainty given by long-term agreements and contracts is far less likely to be disputed by the developing countries than by some western industrialized countries, and the disadvantages of occasional rigidity or implied " discrimination " are likely to be less regarded. However, a rigid bilateral balancing of trade, or payments, could be a hindrance to the optimum expansion even of this trade. Not only would a gradual improvement of the mechanism for multilateral settlement of balances among the eastern and the developing countries be helpful; but, in addition, improved access for the eastern European countries and the Soviet Union to the markets of western industrial countries might ease the problem of accommodating the export expansion of the industrializing areas. To the extent, for example, that the Soviet Union and eastern Europe are able to rely on covering the cost of some part of their imports from the less developed countries by surpluses earned elsewhere, the impact of the growing exports of the industrializing countries on the western industrial markets may be in larger part indirect — via triangular trade with the planned economies — and thus spread over a wider range of products and industries.

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[45] This would imply a rate of growth per capita of about 4½ per cent a year after 1965.

[46] Czechoslovakia, eastern Germany, Hungary and Poland — which together account for all but 4 per cent of eastern European exports of machinery and equipment.

But, above all, and as has been noted at the beginning of this section, it will be necessary for these latter countries to start very soon to adjust their development policies so as to provide for a much wider international division of labour if their potentialities as a long-term market for the developing countries are to be realized in full.[47] Import-saving capacity once established tends to endure, and consumers' tastes can be permanently changed by long deprivation of particular products.

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[47] An expression of interest in the possibility of conducting Soviet foreign trade with more regard to comparative costs than in the past can be seen in a comment by the Soviet Minister of Finance on the announcement of the new rouble exchange rate (*Pravda*, 15 November 1960). He described the change as " of great importance for the solution of economic problems connected with the Soviet Union's foreign economic relations. The rouble's new exchange rate provides a possibility of comparing world prices with wholesale prices in the Soviet Union, as the average level of world market prices will at this exchange rate be comparable with the average level of wholesale prices in the Soviet Union. This will make it possible to evaluate more correctly than before the relative profitability of exports and imports of single commodities, and of Soviet foreign trade both in total and in relations with individual countries."

3. Short-term Prospects for Exports of Processed Materials and Manufactures

This section attempts to answer two questions: what could exports of processed materials and final manufactures contribute to the trade balance of less developed countries in the short run; and how would an expansion of such exports to western Europe affect the competing European industries?

The commodities chosen for study are those which the less developed countries could conceivably produce and export in a few years' time. There is no single criterion for determining which processed materials and manufactures offer the best prospects for exports from less developed countries to industrial countries. Favourable conditions for production appear to be low (incremental) capital-output ratios, relatively simple technology, and moderate requirements of skilled labour;[48] judged by these criteria, the products of the wood, leather and rubber industries, textiles and clothing, and some light engineering products seem well suited to a developing economy. However, these factors have to be weighed against others on the demand side, such as market prospects, technical links between industries producing and consuming a given product transport costs, storage facilities, etc.

The present export structure of the less developed countries seems a reasonable point of departure for assessing their short-run prospects for exports of processed materials and manufactures. The data in Table 12 show that fully 70 to 75 per cent of less developed countries' exports to western Europe consist of crude primary commodities.[49] Agricultural and mineral products subjected to a generally very elementary degree of processing account for the bulk of the remainder. Less developed countries have only negligible exports of manufactures proper to western Europe: where they exist, they are chiefly of cotton textiles. Exports of products manufactured from imported materials — the characteristic exports of many western European manufacturing industries — are practically non-existent. Shortages of raw materials in the postwar years — and fears of greater scarcities in the future — inflated the prices of most basic commodities. As a result, the advantages of local processing were generally neglected, except in the countries mentioned below. The tendency for prices of most raw materials to fall in recent years has given an incentive to producing countries to turn increasingly to local processing.

Table 13 shows current exports from less developed countries to western Europe and the United States of commodities in which a shift to exports incorporating a higher degree of processing may be possible in the short run.[50] The commodities covered by the data

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[48] It may be mentioned here that capital intensity is relevant in this context mainly because it affects the import content of exports of processed materials and manufactures. The wider issue of the choice between capital-and labour-intensive techniques is not raised.

[49] Western Europe also imports large quantities of primary commodities not only from advanced primary-exporting countries, but also from the United States. The less developed countries have maintained their share in the western European market for primary commodities in the postwar period, but consumption has increased most for commodities produced mainly in industrial countries and especially in the United States, e.g. aluminium (see, for a detailed analysis, " The Demand for Industrial Materials 1950-1957 ", *Economic Review*, NIESR, September 1959).

[50] Throughout this section the term " processed materials " refers to those products which, while listed as " manufactures " in the ISIC, are subject to further industrial transformation — often in combination with other materials — for the production of finished manufactures. Since the classification of commodities according to the degree of processing calls for greater detail than is provided by the three digits in the SITC code, the data in Tables 13 to 16 relate to 1958, the last year for which such detail is available. The structure of exports by less developed countries has not changed appreciably since 1958. Metals constitute an exception. The recovery of copper prices, in particular, from their low 1958 level has considerably raised the weight of metals in relation to the other commodities shown.

TABLE 12

Imports into western Europe [a] from overseas non-industrialized areas by main commodity groups in 1959

A — Percentage of total western European imports of each commodity group
B — Percentage of the total imports into western Europe from each area of origin

Millions of dollars, and percentages

Commodity groups ↓ Area of origin →	Total imports from the world	Latin America		Africa		Middle East		ECAFE [b] countries		Mainland China		Total non-industrialized countries	
	Million dollars	A	B	A	B	A	B	A	B	A	B	A	B
I. Agriculture, fishing, forestry	13 861.0	14.2	58.7	16.5	57.6	1.1	5.7	9.1	70.7	1.0	66.7	41.9	48.2
A. Food (natural) and tobacco, raw	8 823.3	17.2	45.3	13.7	30.6	1.0	3.2	6.0	29.6	0.4	15.2	38.3	28.0
B. Crude agricultural materials	5 037.7	8.9	13.4	21.3	27.0	1.3	2.5	14.5	41.1	2.1	51.5	48.1	20.2
II. Mining	5 806.5	9.2	15.9	8.0	11.8	40.1	85.2	1.3	4.1	—	1.1	58.6	28.3
III. Manufacturing	24 184.6	3.5	25.3	5.0	30.5	1.0	9.1	1.8	25.0	0.3	32.2	11.6	23.4
A. Food	2 352.8	6.5	4.6	23.8	14.1	0.5	0.5	2.8	3.7	0.7	8.6	34.3	6.7
of which : Alcoholic beverages	479.8	1.4	0.2	49.9	6.0	—	—	—	—	—	—	51.3	1.8
Animal and vegetable oils and fats	631.6	8.9	1.7	31.3	5.0	—	—	5.1	1.8	—	0.4	45.3	2.4
B. Wood	1 128.8	2.2	0.7	3.4	1.0	0.3	0.1	2.4	1.5	—	0.2	8.3	0.8
C. Pulp, paper	1 251.4	—	—	1.3	0.4	—	—	—	—	—	0.1	1.3	0.1
D. Textiles, clothing	2 049.5	—	0.1	0.4	0.2	1.3	1.0	8.7	10.0	1.1	11.4	11.5	2.0
E. Leather, fur and rubber	576.0	—	—	1.3	0.2	0.3	0.1	11.6	3.7	0.3	0.8	13.5	0.7
F. Stone, glass, pottery	435.0	—	—	—	—	0.2	—	0.2	—	—	0.1	0.4	—
G. Chemicals	4 013.0	10.5	12.5	0.8	0.7	4.3	6.3	1.4	3.1	0.2	3.1	17.2	5.7
of which : Petroleum products	1 600.5	23.5	11.2	—	—	10.3	6.0	2.8	2.5	—	0.1	36.6	4.2
H. Base metals	3 741.6	5.6	6.3	12.3	11.6	—	0.1	0.2	0.4	0.2	3.3	18.3	5.7
I. Metal products	7 360.8	0.2	0.4	0.7	1.2	0.2	0.6	0.3	1.2	—	—	1.4	0.8
J. Miscellaneous	1 275.7	1.9	0.7	3.3	1.1	0.9	0.4	1.9	1.4	0.7	4.2	8.7	0.9
IV. Other	240.0	1.0	0.1	1.3	0.1	0.4	—	1.6	0.2	—	—	4.3	0.1
TOTAL IMPORTS *(index)*	100.0	7.6	100.0	9.0	100.0	6.2	100.0	4.0	100.0	0.5	100.0	27.3	100.0
TOTAL IMPORTS *(millions of dollars)*	44 092.1 [c]	3 354.4		3 963.1		2 730.5		1 783.0		204.0		12 035.0	

Source : See Appendix Table I.

[a] Switzerland not included. [b] Excluding Japan. [c] Excluding energy.

TABLE 13

Trade of selected western European countries [a] and the United States by main commodity groups in 1958

Millions of dollars, and percentages

Commodity	Imports				Net trade [b]					
	Western Europe [a]		United States [c]		Western Europe [a]			United States [c]		
	Total trade	*of which from :* Under-developed countries [d]	Total trade	*of which from :* Under-developed countries [d]	Net trade	*of which with :* Industrialized countries	Underdeveloped countries	Net trade	*of which with :* Industrialized countries	Underdeveloped countries
Sugar	398.9	*92.6*	520.1	*99.9*	−221.4	+10.1	−231.5	−518.4	−0.4	−518.0
Not refined	369.2	*99.8*	464.6	*100.0*	−338.5	−0.6	−337.9	−464.6	—	−464.6
Refined	29.7	*3.4*	55.5	*98.9*	+117.1	+10.7	+106.4	−53.8	−0.4	−53.4
Coffee	770.3	*96.2*	1 179.8	*100.0*	−746.7	−15.8	−730.9	−1167.7	+10.7	−1178.4
Beans	753.5	*98.2*	1 170.4	*100.0*	−742.8	−6.3	−736.5	−1168.2	+2.1	−1170.3
Soluble	16.8	*4.2*	9.4	*100.0*	−3.9	−9.5	+5.6	+0.5	+8.6	−8.1
Cocoa	370.9	*88.2*	191.4	*93.1*	−279.2	+32.6	−311.8	−189.9	−12.0	−177.9
Beans	308.2	*98.0*	172.5	*100.0*	−302.7	−2.1	−300.6	−172.5	—	−172.5
Products	62.7	*40.0*	18.9	*30.2*	+23.5	+34.7	−11.2	−17.4	−12.0	−5.4
Oil-seeds and vegetable oils	916.0	*64.2*	97.7	*96.6*	−847.4	−279.0	−568.4	+211.0	+273.2	−62.2
Oil-seeds, oil nuts and oil kernels	617.4	*57.6*	48.5	*100.0*	−611.8	−257.0	−354.8	+166.2	+188.3	−22.1
Vegetable oils	298.6	*77.7*	49.2	*93.3*	−235.6	−22.0	−213.6	+44.8	+84.9	−40.1
Wood	1 250.3	*20.3*	432.8	*10.3*	−672.3	−497.6	−174.7	−297.0	−311.6	+14.6
In the round or roughly squared	296.0	*44.8*	39.1	*17.6*	−234.2	−106.4	−127.8	−17.1	−14.9	−2.2
Shaped or simply worked	750.1	*12.9*	262.9	*8.7*	−405.4	−338.8	−66.6	−189.1	−198.3	+9.2
Manufactures [e]	204.2	*12.1*	130.8	*11.2*	−32.7	−52.4	+19.7	−90.8	−98.4	+7.6
Hides, skins and leather	582.9	*47.8*	171.1	*41.1*	−213.3	+30.3	−243.6	−51.6	−5.7	−45.9
Hides and skins, including fur skins undressed	398.4	*56.6*	134.5	*48.0*	−220.7	+0.5	−221.2	−48.5	+9.5	−58.0
Leather, manufactures of leather and fur skins dressed	184.5	*28.7*	36.6	*15.8*	+7.4	+29.8	−22.4	−3.1	−15.2	+12.1
Rubber	535.3	*76.4*	273.9	*64.6*	−125.8	+122.9	−248.7	−124.3	−50.8	−73.5
Natural rubber	411.6	*99.1*	250.6	*70.5*	−319.1	+84.9	−404.0	−250.4	−73.7	−176.7
Rubber products	123.7	*0.6*	23.3	*1.3*	+193.3	+38.0	+155.3	+126.1	+22.9	+103.2
Metals	1 883.9	*42.4*	964.1	*52.9*	−908.5	−316.3	−592.2	−689.9	−229.2	−460.7
Non-ferrous ores and concentrates	378.0	*70.7*	338.0	*89.3*	−357.8	−90.9	−266.9	−329.3	−32.7	−296.6
Metals and alloys, unwrought	1 357.1	*38.5*	540.3	*38.0*	−823,0	−373.0	−450.0	−307.7	−127.6	−180.1
Metals and alloys, worked	148.8	*6.2*	85.8	*2.4*	+272.3	+147.6	+124.7	−52.9	−68.9	−16.0
Textiles	3 283.2	*49.8*	533.8	*59.9*	−932.2	−143.5	−788.7	+501.9	+472.1	+29.8
Textile fibres	2 297.3	*66.4*	310.5	*78.5*	−1 706.9	−283.9	−1 423.0	+414.5	+524.8	−110.3
Yarn and thread	335.4	*3.5*	14.1	*1.4*	+260.6	+47.6	+213.0	+50.6	+8.5	+42.1
Fabrics	650.5	*15.2*	209.2	*36.2*	+514.1	+92.8	+421.3	+36.8	−61.2	+98.0
Canned food	624.8	*34.3*	258.5	*30.3*	−298.5	−153.1	−145.4	−58.9	−35.2	−23.7
Canned meat	184.9	*19.0*	152.5	*40.1*	−7.6	−0.2	−7.4	−144.6	−89.9	−53.7
Canned fish	163.2	*16.5*	56.6	*6.5*	−121.9	−108.5	−13.4	−41.8	−44.2	+2.4
Canned vegetables	61.5	*13.2*	11.7	*35.4*	+16.3	+1.0	+15.3	+66.5	+57.0	+9.5
Canned fruit	169.6	*69.0*	34.5	*1.7*	−154.3	−39.4	−114.9	+17.1	+2.6	+14.5
Canned fruit juice	45.6	*59.2*	3.2	*37.5*	−31.0	−6.0	−25.0	+43.9	+39.3	+4.6
Total	10 616.5	*52.8*	4 623.2	*68.6*	−5 245.3	−1 209.4	−4 035.9	−2 384.8	+111.1	−2 495.9

Sources and methods : See Appendix B.

NOTE. — Trade with Australia and New Zealand is included in trade with underdeveloped countries.

[a] Austria, Belgium-Luxembourg, Denmark, France, western Germany, Italy, Netherlands, Norway, Sweden, United Kingdom.

[b] Net imports signified by − ; net exports by + .

[c] Imports f.o.b.

[d] Percentage share.

[e] Including veneers, plywood etc.

amount to $15.2 billion, of which two-thirds were to the western European market, and represent 40 per cent of western Europe's and 50 per cent of United States' imports from less developed countries. They do not include petroleum and petroleum products, since petroleum exporting countries, for which shortage of foreign exchange is not a bottleneck in economic development, are not considered. The remaining commodities omitted from Table 13 are either not liable to be processed in the producing countries (e.g. most cereals) or are consumed fresh (e.g. meat and fruits) or are minor items.

The degree of local processing varies greatly from commodity to commodity. Timber and most metal ores undergo some initial processing in the producing countries and this is also frequently true of oil-seeds, hides and skins. Cocoa beans and rubber, in contrast, are seldom processed in less developed countries; and nearly all coffee is exported in the form of coffee beans, since processing facilities for preparing soluble coffee are concentrated in the developed countries. Exports of finished manufactures are largely confined to textiles and some canned foods.

Available information on capital intensity, which is not always up to date and entirely relevant to the conditions in less developed countries, suggests that this factor has had a very minor effect on the relative development of processing industries in these countries.[51] The leather industry, for example, is among the less capital-intensive branches, while that producing base metals is at the other end of the scale. Yet exports of leather products are small, whereas exports of base metals are large. The production of semi-finished products from base metals is less capital intensive than the production of base metals from ores and concentrates; but exports of semi-finished products of non-ferrous metals are negligible.[52]

Table 14 indicates (*a*) the share of the most important export commodities in total exports from less developed countries; and (*b*) for each exporting country the proportion of its total exports of individual commodities taken by western Europe. Not unexpectedly, a narrow range of commodities preponderates in the exports of several less developed countries. Many Latin American and African countries rely on a single commodity, such as coffee or cocoa, for 60 per cent or more of their total exports. Egypt is equally dependent on cotton, Bolivia, Chile and Surinam on metals, and Viet-Nam on rubber. Timber, in contrast, accounts for as much as 50 per cent of total exports only in British Honduras; and hides and skins weigh heavily — about 25 per cent — only in exports from Afghanistan. India and Hong Kong have important exports of manufactured articles. The share of individual products absorbed by western European and North American markets seems to depend more on the geographical position and economic connexions of the exporting country than on its structure of exports to these markets.

Processed Materials

Non-ferrous Metals. — Obvious advantages in transport costs have been the major incentive to the establishment in producing countries of plants for the processing of ores; as a result of these advantages, exports of metals are twice as large as exports of ores and concentrates. The proportion of the other commodities listed in Table 13 exported in processed form is much lower. The tendency for an increasing share of ore output to be smelted in the producing countries is likely to continue; and where long inland hauls — especially by rail — are necessary, it may be quite uneconomic to export anything but metal.[53] On the other hand, the establishment of a local smelting plant may be uneconomic if output of ore is small or if a concentrate with high metal content can be produced.

The additional export earnings that the producing countries could reap in this sector are limited by two factors: first, most of the output exported is already sent in a rudimentary processed form; second, the value-added by processing which stops short of the semi-manufactured stage is small. Copper — the most important non-ferrous metal exported from less developed countries — is, for technical reasons, traded only in metal form. For non-ferrous metals other than copper, there is wide scope for replacing exports of ores and concentrates by exports of metals. But, because of the predominance of copper in total

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[51] For estimates of capital-output ratios, see R. N. Grosse, "The Structure of Capital", *Studies in the Structure of the American Economy*, New York 1953; K. A. Bohr, "Investment Criteria for Manufacturing Industries in Under-developed Countries", *The Review of Economics and Statistics*, May 1954; and W. Leontief, "Domestic Production and Foreign Trade: The American Capital Position re-examined", *Proceedings of the American Philosophical Society*, Vol. 97, No. 4, 28 September 1953.

[52] The development of processing and manufacturing industries in many less developed countries clearly reflects a number of factors other than capital intensity and, in particular, the role played by foreign enterprises whose aim was to supplement domestic resources of the industrial countries rather than to adapt the industrial structure to the needs of the under-developed country.

[53] Economic and technical difficulties caused by the remoteness of the ore deposit were two of the reasons for the establishment of the first lead smelter in Northern Rhodesia. In some countries, however, freight rates do not favour the establishment of a local smelter or refinery. The freight rates on tin from Indonesia, for instance, have been based until recently on metal content so that no additional costs were incurred when concentrates were shipped instead of refined tin (see *Non-ferrous Metals in Under-developed Countries*, United Nations, New York 1956, p. 63).

TABLE 14

Selected exports from less developed countries in 1958 as share of each country's total exports

Commodity	Percentages				
	80 to 60	60 to 40	40 to 20	20 to 10	10 to 5
Sugar					
Not refined	Barbados (53), Cuba (18), Fiji (46), Mauritius (85) [a] Reunion (93) [a]	China-Taiwan (—), Dominican Republic (66), Guadeloupe (75)	Jamaica (80), Philippines (—)	British Honduras (100), Peru (13), Mozambique (79)	Brazil (31), British Guiana (1), Cuba (. .),[b] Haiti (—), Malagasy Rep. (33), Trinidad and Tobago (75)
Coffee					
Beans	Colombia (15), El Salvador (44), Ethiopia (22), Guatemala (23), Haiti (53)	Angola (40), Brazil (32), Costa Rica (48)	British East Africa (44), French Cameroons (92), Ecuador (23), French West Africa (63), Malagasy Rep. (78), Nicaragua (33)	Belgian Congo (42), Dominican Republic (7), Honduras (18), Mexico (13)	French Equatorial Africa (78), Jamaica (64), Peru (23), Sierra Leone (30)
Cocoa					
Beans	Ghana (70)	French Cameroons (84), Western Samoa (61)	Ecuador (24), Nigeria (76)	Dominican Republic (3)	Brazil (32), Costa Rica (9), French Cameroons (61),[c] French West Africa (67), New Guinea (. .)
Oil-seeds and vegetable oils					
Oil-seeds, oil nuts and oil kernels	Gambia (. .) [a d]	French West Africa (97), New Guinea (. .)	Libya (91), Nigeria (88), Philippines (55), Western Samoa (99)	Belgian Congo (93), North Borneo (—), Sierra Leone (100), Sudan (48) Zanzibar (—)	Ethiopia (46), Mozambique (98), Nicaragua (12)
Vegetable oils	—	—	Fiji (83), New Guinea (. .)	Belgian Congo (62), French West Africa (89), Nigeria (92)	Argentina (44), Philippines (—), Zanzibar (6)
Wood					
In the round or roughly squared	—	—	French Equatorial Africa (93), North Borneo (5), Paraguay (—)	Ghana (67), Philippines (—) [e]	British Honduras (16), Burma (22), French West Africa (95), Nicaragua (8) [d]
Simply worked	—	British Honduras (14)	—	—	French Equat. Africa (94), Honduras (7) [d]
Manufactures of wood	—	—	—	New Guinea (. .)	Surinam (. .)
Hides, skins and leather					
Hides and skins, incl. fur skins, undressed	—	—	Afghanistan (. .) [d], British Somaliland (. .)	—	Argentina (42), Ethiopia (40), Libya (83), Paraguay (46), Somaliland-It. Admin. (55), Uruguay (45)
Rubber					
Natural	Viet-Nam Rep. (98)	Fed. of Malaya (36), Papua (. .)	Cambodia (22), Indonesia (13), North Borneo (22), Thailand (13)	Ceylon (38), Sarawak (4)	Liberia(. .), Nigeria (65)
Metals					
Non-ferrous ores and concentrates	Bolivia (. .), Surinam (. .)	Jamaica (3)	Belgian Congo (53), British Guiana (3),[d] Cyprus (24), Korean Rep. (12)	Ghana (57), Morocco (87),[d] Peru (10), South Africa (32)	Indonesia (23), Philippines (11), Thailand (32)
Metals and alloys, unwrought	Chile (54)	Rhodesia and Nyasaland (67)		Mexico (18), Peru (43)	Belgian Congo (75), Fed. of Malaya (21)
Textiles — Textile fibres					
Wool	—	Uruguay (47)		Argentina (33), South Africa (76)	Afghanistan (. .),[d] UAR Syria (9)
Cotton	UAR Egypt (15)	French Equatorial Africa (96), Sudan (68), UAR Syria (44)	British East Africa (40), Mexico (31), Mozambique (100), Nicaragua (70) Peru (64)	Afghanistan (. .), El Salvador (23), Pakistan (28), Paraguay (67)	Belgian Congo (76), Guatemala (48), Iran (85), Nigeria (90)
Jute and vegetable fibres other than cotton	—	Pakistan (52)	—	British East Africa (66), Haiti (10)	Angola (42), Mozambique (100), Philippines (33)
Textiles — Textile fabrics					
Cotton	—	—	—	Hong Kong (50)	India (20), Korean Rep. (—)
Jute	—	—	—	India (11)	Pakistan (37)
Canned food	—	—	—	—	Argentina (56), Morocco (44)

Sources : See Appendix B.

NOTE. — All shares are expressed in percentages of the quantities exported; figures in brackets refer to share of exports to western Europe.

[a] Above 80 per cent. [b] Refined. [c] Cocoa products. [d] 1957. [e] Including timber.

TABLE 15

Trade in non-ferrous ores and concentrates and base metals of selected western European countries [a] and the United States in 1958

Millions of dollars, and percentages

Commodity	Imports				Net trade [b]					
	Western Europe [a]		United States [c]		Western Europe [a]			United States [c]		
	Total	*of which from* under-developed countries [d]	Total	*of which from* under-developed countries [d]	Net trade	*of which with :* Indus-trialized countries	*of which with :* Under-developed countries	Net trade	*of which with :* Indus-trialized countries	*of which with :* Under-developed countries
Copper										
Ore and concentrates	20.1	*76.1*	74.6	*90.9*	−19.1	−3.8	−15.3	−68.7	−6.0	−62.7
Copper and alloys, unwrought	785.6	*54.4*	133.2	*70.8*	−602.0	−201.5	−400.5	+58.7	+136.5	−77.8
Copper and alloys, worked	74.0	*9.6*	59.6	*25.2*	+177.2	+110.9	+66.3	−51.9	−55.1	+3.2
Nickel										
Ore and concentrates	51.0	*32.0*	1.9	—	−51.0	−34.7	−16.3	−0.4	−0.4	—
Nickel and alloys, unwrought	117.0	*2.2*	87.6	—	−53.9	−59.1	+5.2	−73.9	−74.5	+0.6
Nickel and alloys, worked	11.7	—	0.2	—	+9.3	+3.5	+5.8	+4.6	+2.0	+2.6
Aluminium										
Ore (bauxite) and concentrates	21.1	*36.5*	70.1	*100.0*	−18.3	−10.6	−7.7	−69.1	+0.8	−69.9
Aluminium and alloys, unwrought	197.6	*5.2*	117.3	*1.7*	−93.0	−103.6	+10.6	−93.1	−98.5	+5.4
Aluminium and alloys, worked	46.9	*2.1*	23.9	—	+69.8	+22.5	+47.3	−8.1	−17.0	+8.9
Lead										
Ore and concentrates	51.0	*73.1*	51.9	*85.9*	−47.7	−10.5	−37.2	−51.6	−7.2	−44.4
Lead and alloys, unwrought	79.0	*57.7*	76.2	*67.1*	−53.9	−13.9	−40.0	−75.5	−25.1	−50.4
Lead and alloys, worked	5.5	*20.0*	1.8	*61.1*	+12.1	+10.5	+1.6	−0.6	−0.5	−0.1
Zinc										
Ore and concentrates	48.1	*51.1*	51.9	*62.4*	−37.0	−12.4	−24.6	−51.9	−19.5	−32.4
Zinc and alloys, unwrought	55.3	*13.0*	35.6	*29.2*	−9.8	−10.9	+1.1	−34.8	−25.1	−9.7
Zinc and alloys, worked	9.5	—	0.3	—	+3.9	+0.7	+3.2	+2.9	+1.7	+1.2
Tin										
Ore and concentrates	96.9	*98.7*	11.2	*100.0*	−96.9	−1.3	−95.6	−11.2	—	−11.2
Tin and alloys, unwrought	122.6	*24.6*	90.4	*54.3*	−10.4	+16.0	−26.4	−89.1	−40.9	−48.2
Tin and alloys, worked	1.2	—	—	—	—	−0.5	+0.5	+0.2	—	+0.2
Manganese										
Ore and concentrates	89.8	*78.3*	76.4	*99.5*	−87.8	−17.6	−70.2	−76.4	−0.4	−76.0
Ores and concentrates	378.0	*70.7*	338.0	*89.3*	−357.8	−90.9	−266.9	−329.3	−32.7	−296.6
Metals and alloys, unwrought	1 357.1	*38.5*	540.3	*38.0*	−823.0	−373.0	−450.0	−307.7	−127.6	−180.1
Metals and alloys, worked	148.8	*6.2*	85.8	*2.4*	+272.3	+147.6	+124.7	−52.9	−68.9	+16.0

Sources and methods : See Appendix B.

NOTE. — Trade with Australia and New Zealand is included in trade with underdeveloped countries.

[a] Austria, Belgium-Luxembourg, Denmark, France, western Germany, Italy, Netherlands, Norway, Sweden, United Kingdom.

[b] Net imports signified by — ; net exports by +.

[c] Imports f.o.b.

[d] Percentage share.

exports of metals, big increases in exports of other metals would be needed to raise the total figure (see Table 15).

While the share of value-added in gross value of output may vary considerably among different metals, it can probably be put at some 20 per cent, on average, for most types of smelting and refining. Exporting countries would find it much more profitable to go a step further and to shift from exports of base metals to exports of semi-finished products (sheets, wires, tubes, etc.). For the value-added in the manufacture of semi-finished products is far higher than at the preceding stage of processing.[54] But this second

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[54] The share of value-added in the total value of production of non-ferrous metals in the United Kingdom and Norway is as follows (in percentages):

Smelting and refining of metals	
United Kingdom, 1954	21.9
Norway, 1957	17.4
Non-ferrous metals foundries	
Norway, 1957	47.5
Aluminium works	
Norway, 1957	43.5

Sources : Board of Trade, *Census of Production for 1954*, Part II, London. 1958; Industrial production statistics, *Annual Survey 1957*, Oslo 1959.

transition — from metals to semi-finished products — appears to be much more difficult. The difficulty is due less to a high capital intensity in the industry (the production of the metals now exported is more capital intensive) than to technical and transport reasons and to the practical advantages of having processing plants close to the consuming industries.[55] Hence, it is scarcely surprising that the economic development programmes of metal-exporting countries rarely provide for large exports of semi-processed products to industrial markets.[56] Priority is given to the development of processing capacity intended to reduce imports and to provide some exports to neighbouring areas.[57] Under-developed regions taken as a whole are still net importers of semi-finished products made from non-ferrous metals.

Western European customs tariffs are a further obstacle to the replacement of export of less-processed materials by exports of semi-finished products. Customs duties of practically all the industrialized countries typically increase steeply with the degree of processing (see Chart 1). The United Kingdom has duties rising to 33$^1/_3$ per cent for some kinds of semi-finished zinc; and Austria and France levy duties of over 20 per cent on some types of semi-finished copper and lead products. But a mere relaxation — or even a complete elimination — of the present tariffs on semi-finished non-ferrous metals in present conditions would not in itself suffice to create a manufacturing industry for export in the less developed countries: customs tariffs are not the major obstacle.

Yet it is significant that imports of ores and concentrates from under-developed countries are higher than imports of metals (other than copper) into continental western Europe, but not to the United Kingdom. Similarly, British imports of leather from under-developed countries are as large as those of undressed hides and skins; but in continental western Europe the latter are three times as high as leather imports.[58] The proportions of imported sawnwood as against roundwood also differ widely between continental western Europe as a whole and the United Kingdom. In all these cases, the absence of trade barriers for Commonwealth products is probably the most important cause of such differences in the import structure. However, French preferential arrangements do not appear to have been an important incentive to developing production of such processed goods in the associated under-developed areas.

Vegetable Oils and Cocoa. — Exports of timber and leather, vegetable oils and cocoa from the less developed countries still consist preponderantly of unprocessed materials — though the proportion shipped unprocessed is much higher for cocoa than for oils. The vegetable-oil and cocoa-processing industries are in many respects similar; but whereas the transport of at least some types of oil is simpler than that of oil-seeds, the shipping of cocoa-butter (and especially powder and mass) presents more problems of conservation than the shipping of cocoa beans. As for most crops in under-developed countries, the production of oil-seeds and cocoa beans requires little capital per unit of output, while the seed-crushing industry appears to be fairly capital intensive, especially for palm oil.[59] In both cases, the value-added represents only 15-25 per cent of the value of total production.[60] As can be seen from Table 14, both products are important in the exports of some countries with particularly low per capita incomes.

Some countries producing oil-seed have built up oil-crushing industries for export. This industry now operates on a large scale in the Congo (Leopoldville) and Senegal.[61] The success of the Congo (Leopoldville) in developing a large processing industry for export, based primarily on palm-oil and palm-kernels, index of production in a statistically indefensible sense since, in any country, institutional changes may raise the proportion of total processing of consumers' goods included within the boundary of statistically recorded industrial production. However, in Bulgaria such changes have been particularly rapid during the period under review, partly as a consequence of the almost complete collectivization of agriculture during these years. Together with the other elements of "absorption" of activity and of duplication of inputs influencing the index numbers, they are of importance for any assessment of the relevance of the growth of recorded gross output in the consumer-goods branches, or of the growth of retail sales, as measures of the changing availability of commodities for personal consumption (see section 8).[70]

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[55] The export of fabricated products raises a number of difficulties for an under-developed country, since in this specialized trade close contact with consumers is an advantage. As the principal consumers of most non-ferrous metal products are the durable-goods industries, manufacturers in industrial countries are usually better placed to produce specifications set by users. Furthermore, it is generally more costly, in terms of both freight and packing costs, to transport the more bulky finished products than unprocessed metals. Advantages for non-ferrous fabrication that a mining country might have in respect of accessibility and price of raw metal are likely to be offset by handicaps of scale and marketing. Therefore, the metal fabricating industry in most under-developed countries is likely to remain largely dependent on internal demand (see *Non-ferrous Metals in Under-developed Countries, op. cit.*, p. 71).

[56] See, for instance, the plan of Peru — a typical metal-exporting country (ECLA, *The Industrial Development of Peru*, Mexico City 1959).

[57] Unco-ordinated programmes have in some cases impeded trade in processed materials among developing countries. For instance, serious difficulties have been experienced in copper trade between Chile and Argentine. The former country wanted to export semi-finished copper products (such as wire and sheets) and Argentina wanted to import copper only in crude form since its industry has sufficient capacity to process base metals for domestic uses (see ECLA, *Inter-Latin-American Trade: Current Problems*, 1957, p. 80).

[58] Leather imports were still subject in 1959 to quantitative restrictions in several western European countries (see OEEC, *The Hides and Skins Industry in Europe*, Paris 1959, p. 41).

[59] See K. A. Bohr, "Investment Criteria for Manufacturing Industries in Under-developed Countries", *The Review of Economics and Statistics*, May 1954, p. 159.

[60] In the seed-crushing industry, the share of value-added in the total value of the product was 16 per cent in Denmark (average 1955-1958) and 25 per cent in Colombia (1953). In the Netherlands, value-added in the cocoa-processing industry was 23 per cent for the years 1954-1958. The share of wages and salaries in value-added has been about 40 per cent.

[61] Before the war it flourished also in the Philippines, which exports coconut-oil almost exclusively to the United States. However, the Philippines' exports of oil constitute at present only 15 per cent of their combined exports of oil-seeds and oils, as against nearly 50 per cent before the war (see, OEEC, *Les productions principales des territoires d'outremer : Les oléagineux*, Paris 1957, p. 173).

The Pattern of Growth of Investment and Production

As can be seen from the figures in Table 11, industrial output rose faster from 1948 to 1953 than in the subsequent quinquennium.[71] The statistical "absorption" of some activities, already mentioned, contributed to this in several branches; but probably more important for total output was the fact that, at the beginning of the period, considerable possibilities of raising production by more efficient use of equipment, working additional shifts, etc., remained to be exploited as fuel and raw material supplies increased, However, the volume of imports was trebled between 1948 and 1958, and the rising import content of gross output in the later years helped to sustain a rate of growth that still exceeded 10 per cent a year (net) from 1953 to 1958.

The most rapidly expanding industries, in terms both of gross output and of employment during 1948 to 1958 were metallurgy, chemicals, metal-using (subject to some absorption of private handicrafts) and electricity generation; and the producer-goods industries as a group received the lion's share of industrial investment throughout the period.

In 1949 these, Group A, industries received 79 per cent of centrally planned outlays on industrial investment, and the Group B (consumer-goods) industries 21 per cent; but thereafter an even more decisive preference was given to the Group A industries, so that over the period 1949-1957 as a whole they received 88 per cent of the total outlays (see Table 13).[72]

TABLE 13

Centrally planned investment outlays in Bulgarian industry [a] 1950 to 1959

Millions of leva at 1956 prices, and percentage shares

Industrial branch	Total 1950-1958	1958	1959 [b]
All industry — *value*	*18 146*	*2 661*	*3 618*
percentages	100	100	100
Group A (producers' goods)	88 [c]	..	75.5
Group B (consumers' goods)	12 [c]	..	24.5
Electricity	26.8	21.6	14.3
Coal and oil	13.4	10.6	11.6
Ferrous metallurgy	17.1	3.7	10.3
Non-ferrous metallurgy		10.9	10.6
Engineering	6.1	6.2	..
Other metal-using	2.2	3.7	..
Chemicals	7.7	7.0	4.6
Building materials	3.9	8.1	6.7
Timber and timber-processing	2.7	3.3	..
Textiles	3.7	5.1	5.3
Leather and footwear	0.3	0.4	0.6
Food-processing	5.3	7.2	17.4
Other	10.8	12.2	..

Sources : Statistical Yearbook 1959; the Groups A and B breakdown from BAN Ikonomicheski Institut: *Petnadeset godini socialistichesko stroitelstvo*, Sofia 1959, p. 153 (see note to Table 18); direct communication from the Bulgarian Government of 1959 data.

[a] Centrally planned investment now accounts for about 90 per cent of all industrial investment and has represented 80-90 per cent in every year of the period.

[b] In current prices and preliminary figures.

[c] Based on data for 1949-1957; comparable total for all industry is 16,600 million leva.

The improvement of the energy base of the economy was a major pre-occupation of the Bulgarian authorities from the start of the first long-term plan, and during 1949-1951 over one-third of all centrally planned industrial investment was devoted to electricity development. The whole fuel and power sector received over 40 per cent of the total, and little less over the ten years 1949-1958. As a consequence, electricity generation rose to 5½ times its 1948 level by 1958. Thermal power, based mainly on domestic supplies of lignite, accounted for 57 per cent of the total in the former year and 68 per cent in the latter. The tonnage of coal mined was nearly trebled over the ten years, but Bulgaria nevertheless remains dependent on imports for about 190,000 tons of the 200,000 tons of coke consumed in a year, since most of the domestic coal production is unsuitable for coking. Nearly all petroleum products are also imported (over 550,000 tons a year), and most of the very small and, only recently exploited, Bulgarian output of crude oil (220,000 tons) is exported as such.

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[70] Illustrations of the absorption of activities into the area of statistically recorded production include an increase of recorded production of brandy (*rakii*) by 566 per cent from 1939 to 1948 and of 681 per cent from 1948 to 1958 while production of plums in 1958 was no more than 55 per cent of that in 1948 and output of wine grapes was 82 per cent higher. Similarly, although family budget studies show practically constant per capita cereals consumption (in flour equivalent) from 1953 to 1958, at a level well below that of pre-war, bread baking as included in the industrial production index rose steadily, and was trebled from 1948 to 1958.

[71] This is also true of the output of nearly all the individual products shown in Table 12, outside the engineering and chemicals groups.

[72] Centrally planned investment now accounts for about 90 per cent of all industrial investment outlays. The data in Table 13 probably show a somewhat greater concentration of investment resources on the Group A industries than would comparable data for 1948-1957, or for a longer period, if these were available. The preference for these branches was probably rather less in 1948 and in 1958 and 1959 than in the intervening years.

Shortages of fuels and power were endemic up to the middle fifties, though apparently rather less hampering than in some other eastern European countries; but since about the end of 1956 supplies seem to have kept pace with the growing industrial and other demands.

The metallurgical industries were the second largest industrial recipients of investment resources during 1949-1958, absorbing 17 per cent of all centrally planned outlays. The drive for expansion of capacities in this sector really began in 1951/52, when centrally planned investment suddenly rose from an average of 33 million leva (at 1956 prices) in the two preceding years to 164 million (10 per cent) in 1951 and 503 million (30 per cent) in 1952.

The iron and steel industry is virtually a postwar creation. Until recently known deposits of iron ore were small; but their exploitation, together with imports of pig-iron about equal in quantity to domestic production, has supported the rapid growth of a modest steel industry, which nevertheless supplies 40-50 per cent of total national requirements of steel. Endowments of non-ferrous metals are far more important, and the rapid development of copper, lead and zinc mining and of related production of concentrates and some metals has contributed to the growth of Bulgarian exports, particularly to other countries of the area.

As already mentioned, the metal-using industries have expanded their output and employment very fast, and in terms of employment (excluding private handicrafts) are now as important as food-processing. Investment during the ten years 1949-1958 has been about half as large as in the metallurgical industries, and it has been more erratic, rising to a peak during 1954 and 1955 when it absorbed 10 per cent of all centrally planned outlays in industry and then slackening again until a second spurt followed in 1958. The output of the engineering industry is rather diverse. It includes railway rolling-stock, machine tools, various types of internal combustion engines, electrical equipment, textile machinery, food- and tobacco-processing machinery, agricultural equipment, radios, etc.; and most individual products are produced in rather small quantities. In 1956 it was reported that 62 enterprises produced 2,500 different types of machinery and equipment, that the average number of units of one type produced by each factory was 12, and that equipment produced in single units accounted for 17 per cent of all output.[73] Since then, the need for more specialization, and for modernization of the equipment of the industry itself, has frequently been stressed; and the increased investment resources provided for this branch in 1958 and 1959 were intended to be devoted to a large extent to re-equipment and modernization of existing plants as well as to the development of new enterprises.

The rapid expansion of the chemicals industry was stimulated by heavy investment during 1950-1954 (12 per cent of the centrally planned industrial total), but the rate of investment then fell off noticeably until it was again raised substantially in 1958. The bulk of the output of this sector so far has consisted of basic chemicals and fertilizers. About one-half of the annual output of 15,000 tons of caustic soda is exported, and one-third of the 104,000 tons annual production of calcined soda. Production of nitrogenous fertilizer reached 206,000 tons in 1958 and of phosphate fertilizer 74,000 tons; but net imports of all fertilizers amounted to about 110,000 tons. Insufficient application of fertilizer has been one major hindrance to the expansion of agricultural production throughout the period, and the latest investment drive in this sector represents the first instalment of a long-term plan to raise fertilizer production very substantially, as well as to establish plastics and synthetic fibre industries (see below).

The branches of industry mentioned above represent the major claimants on industrial investment resources virtually throughout the postwar period. Priorities within the group changed from time to time; but in the years for which data are available the group as a whole never absorbed much less than 75 per cent of each year's centrally planned industrial investment outlays until 1956, when the share of other branches was raised to 27½ per cent and then to 31 per cent and 36 per cent in the two subsequent years. However, despite this concentration of industrial investment on the development of the heavy industries and of electric power supplies, Bulgaria seems to have avoided — at least after 1953 — excessive devotion of resources to huge, slowly maturing projects.

Although an important export industry, and employing the second largest share of the labour force up to 1958, the food-processing branches were relatively neglected until that year. Insufficient, and obsolescent, capacities have now become a hindrance to the expansion of output and exports of the higher-valued agricultural products, which it is hoped to overcome by the investment programme now starting. The textiles and clothing branch, contributing 15 per cent of total exports and employing one-quarter of the industrial labour force in 1958, provides a yet more than for cotton textiles. True, labour-intensive products are typically the main ingredients of canned foods, and few ancillary materials are required. For canned fruits the most important of these is sugar, and the price of sugar cane grown in tropical countries is much lower than the price of beet-sugar grown in industrial countries. Moreover, canned food factories need not be large to be economic; and their capital intensity, while higher than for textiles, still leaves a share for manpower of nearly 50 per cent in total value-added.[70] The share of value-added in the total value of production seems to be about 50 per cent, as for most other industrial branches. Nevertheless, there are problems in the development of this branch which less developed countries cannot easily resolve: the replacement of chemical processing (a rather simple technological system) by heat processing for canned fruit;[71] the need for ancillary industries — especially for the production of containers; and quality control of the product and packaging. The canned food industry is concentrated in the industrial countries — especially in the United States, where it produces mainly for the huge domestic market. In less developed countries, by contrast, the industry produces primarily for export. At present South Africa exports three-fourths of its output of canned food, and for other primary producers the proportion is higher still.

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[73] *Promishlenost na N.R. Bulgaria*, Sofia 1958; and *Ikonomicheska misl*, No. 2, 1958, p. 33.

The countries which have succeeded in developing exports of canned products to industrial countries either benefit from preferential treatment (Morocco and Algeria to France, Australia and South Africa to the United Kingdom) or export products which are not grown in the importing countries (for example, canned pineapples from Malaya and the Philippines). The share of these industries in the total exports of the commodities concerned is so small (less than 10 per cent even among the major exporters) that they are not likely to make a major contribution to the trade balance in the short run. In the longer run, however, the prospects should be favourable. Income elasticities of demand for fruit are high in western Europe and North America, and long distance transport is extremely costly for some perishable tropical fruits. But the less developed countries will have difficulty in realizing these potential advantages if industrial countries continue to protect canned foods with tariffs — often exceeding 20 per cent — as they do at present.[72] Under present conditions, only countries enjoying preferential treatment can look forward to any major expansion in exports of canned foodstuffs.

Prospects for *coffee and tobacco* products are distinctly less favourable. Technical difficulties, heavy capital requirements, and the existence of large-scale producers in industrial countries make it doubtful whether factories producing tobacco and soluble coffee can be established by less developed countries in the short run.[73] *Rubber* affords another example of the difficulties which less developed countries have to overcome in order to break into the markets for manufactured products of industrial countries. Little headway has been made so far by the rubber-exporting countries in shifting to exports of manufactured rubber products, and no such shift is foreseen in the short run in the economic plans of these countries.[74]

Implications for European Industries

The possible impact on western European industrial branches of more liberal treatment for the developing countries' exports of *processed materials* is likely to differ widely from commodity to commodity. Although

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[70] Similar proportions obtain in the industrialized countries. The very high capital output ratio (3.6:1) found by Leontief (*op. cit.*) for the United States in 1947 is largely due to the still higher capital intensity (4.1:1) of American agriculture. According to R. N. Grosse (*op. cit.*), the equipment/output ratio (depreciated value of the equipment divided by the value of production) is not higher for the canning industry in comparison with most other branches of manufacturing industry in the seven countries considered by the author. The findings of K. A. Bohr (*op. cit.*) would move the canning of jam, fruit and vegetables towards the group of high capital intensity industries, to which meat and fish canning industries certainly belong.

[71] Imports of canned fruit processed by the chemical system are no longer admitted by many industrial countries.

[72] These tariffs are primarily intended to protect domestic industry from American competition. Many countries apply specific duties to imports of canned food, which makes it difficult to assess their height in value terms. For some countries which apply *ad valorem* duties, the rates currently applied are given below.

" Ad valorem " duties

	Benelux	*France*	*Western Germany*	*Italy*	*Common Market*	*United Kingdom*
Canned meat						
Range	15-30	5-40	13-20	25-45	20-26	0-20
Average	25	23	17	37	23	12
Canned fish						
Range	0-30	10-30	14-30	10-45	20-30	5-30
Average	17	23	22	28	24	15
Canned vegetables						
Range	15-30	10-31	0-35	15-35	18-24	4-15
Average	23	20	20	25	22	10
Canned fruit						
Range	13-30	5-45	5-32	0-35	19-32	. .
Average	19	24	24	25	25	. .
Fruit juices						
Range	15-18	27-28	10-35	20-45	21-42	0-21
Average	17	27	23	31	27	9

Sources and methods : See Appendix B.

[73] For coffee, see ECLA, *The Economic Development of Colombia*, Geneva 1957, p. 379, footnote 8.

[74] According to the International Bank for Reconstruction and Development (*The Economic Development of Malaya*, Baltimore 1955, p. 424), natural rubber, on the basis of present technology, does not seem suited to major projects of industrial development. Rubber is relatively inexpensive to ship, and is only one of several components of the cost of such major rubber products as automobile tyres; the other requisite materials for tyre manufacture would have to be imported. Since rubber normally gains in weight and bulk in the course of manufacture, rubber-using industries are best located near the consumer.

those industries which import all or most of the raw materials used as industrial inputs, such as cocoa and vegetable oils, may seem the most exposed to competition from countries producing the raw materials, neither of these industries is likely to have much cause for concern. Sea transport of cocoa mass is difficult for technical reasons — hence international trade in cocoa products is largely confined to cocoa butter. Imports of cocoa butter, mass, and powder together constitute no more than 5 per cent of western European imports of cocoa beans, and no large increase is expected. The numbers employed in cocoa-bean processing in western Europe represent only a small and decreasing proportion of the labour force in the cocoa and chocolate confectionery branch as a whole, where employment can be estimated at roughly 50,000-60,000.

Larger imports from under-developed countries of vegetable oils were shown to be quite feasible in the next few years. Present imports of vegetable oils from developing countries are estimated to cover about one-third of western European requirements. If consumption remains stationary, a doubling of oil imports might be thought to imply the scrapping of one-half of the western European vegetable oil industry. Manpower occupied in this branch (excluding olive oil) can be put at some 60,000-70,000. Any such danger to the western European industry is, however, remote because of the growing importance, in total western European imports, of soya beans imported largely from the United States.[75] At present, imports of soya beans account for about 30 per cent of total western European imports of seeds from overseas. Their share is expected to continue increasing rapidly as the demand for cake (for feed) and meal (for the preparation of compound foodstuffs) — for which soya beans are very suitable — advances in western Europe. The two tendencies — a decline in European processing of tropical seeds and an increasing volume of processing of imported soya beans — may tend to offset each other.

The tanning industry seems to be somewhat more exposed to foreign competition resulting from a possible shift in the composition of imports. About 100,000 persons are employed in the western European tanning industry, and this number appears to be falling. The demand elasticity for leather products is much less than unity, largely owing to the competition of plastics. Hides and skins are by-products of animal husbandry and, largely because of the protection of livestock in western Europe, the domestic supply of hides and skins has increased sufficiently to cover about 60 per cent of western European consumption — as against 50 per cent at the beginning of the fifties. The proportion of imports from primary-producing countries to western European production of leather is as low as 1-2 per cent.

The non-ferrous metals and sawmilling industries in western Europe are less exposed to competition from developing countries than the tanning industry. As noted above, the increasing tendency to smelt and refine ores in the producing countries will continue. But the two metals most used by the western European non-ferrous metals industry are both immune to any competitive threat from that source — aluminium because it is not imported from less developed countries, copper because it is already imported only as a metal. Given that a large proportion of output of other metals is based on ores existing in western Europe or imported from North America, the proportion, in terms of manpower or value-added, of the western European non-ferrous metals industry that may be adversely affected by higher imports of metals from under-developed countries can hardly exceed 15-20 per cent.

No statistics are available on employment in the non-ferrous metals industry in western Europe as a whole, but on the basis of information for a number of countries it can be tentatively estimated at about 400,000 persons. Since employment shows a clear tendency to rise, eventual problems of redundancy in certain branches caused by a shift from imports of ores to imports of metals could probably be resolved within the industry itself. Further changes in the composition of imports of timber products from less developed countries could hardly have serious consequences on employment in the western European sawmill industry, since imports of non-processed timber from these areas are equivalent to less than 10 per cent of all the hardwood worked by the industry.

Of the three major groups of *finished manufactures* (cotton textiles, canned foods and rubber products) discussed above, export prospects on the supply side seemed most promising for cotton textiles, rather uncertain for canned foods, and unfavourable for rubber products. On the demand side, prospects are quite different. Cotton textiles has in recent years been a stagnating industrial branch, whereas production of canned foods is expanding rapidly. The rubber industry, in turn, appears to have developed in the past decade at a somewhat higher rate than that of manufacturing industry as a whole.[76]

Throughout the fifties, the net trade position of the western European *cotton-textiles industry* has shown a clear tendency to deteriorate. As can be seen from Table 17, the ratio of imports to production rose sharply between 1951-1952 and 1958-1959, while the ratio of exports to production declined. This deterioration was almost entirely due to the changing trade

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[75] This point was stressed recently by the Congress of the International Association of Seed Crushers (see *Proceedings of the Congress*, London 1960).

[76] In France, the annual rate of growth of output of the rubber industry from 1950 to 1959 was 7.2 per cent, as compared with a corresponding rate for manufacturing industry of 6.4 per cent. In western Germany the rates were 10.4 and 9.9 per cent respectively, and in Italy 5.6 and 7.4 per cent.

TABLE 17

Production, imports and exports of cotton fabrics in western Europe [a] and the United Kingdom

Thousand metric tons and percentages

	OEEC member countries combined [a]				United Kingdom			
	1951	1952	1958	1959	1951	1952	1958	1959
Production (in thousand tons)	1 100	964	1 024	1 023	327	244	212	201
Ratio of imports to production:								
Total imports	11.8	8.0	13.8	17.2	14.2	8.8	26.7	39.2
Imports from under-developed countries	1.7	1.5	5.5	8.6	5.0	4.6	20.1	28.0
Ratio of exports to production:								
Total exports	25.3	24.6	17.6	19.2	30.4	33.6	23.5	22.8
Exports to under-developed countries	16.8	17.6	10.8	10.5	25.0	29.1	20.1	19.1

Sources : OEEC, *Trends in Economic Sectors*, "The Textile Industry in Europe", 6th Year; OEEC, *Statistical Bulletins — Foreign Trade*, Series IV and Series C; national statistics.

NOTE. — Trade with Australia and New Zealand is included in trade with under-developed countries.

[a] OEEC member countries combined, excluding Spain.

balance with the developing countries, caused by their efforts to reduce their deficit vis-à-vis the industrial areas and by the success of some of them (especially India and Pakistan) in expanding exports — especially to the preferential British market. Indeed, it appears from the table that the British industry is more exposed to foreign competition than that of western Europe as a whole. The opportunities for India and Pakistan to expand further their exports of cotton textiles to western European markets are favourable — not only because such exports represent a small part of their total exports of cotton textiles, but also because production can be expanded without facing any special problems.

Employment in the cotton-textiles industry in western Europe was still in 1959 about 800,000 persons.[77] Rising labour productivity, together with stationary or only slowly increasing production, has caused a fall in the labour force in this branch in all the countries for which data are available. The number of wage- and salary-earners declined by about one-fifth from 1950 to 1959 in the United Kingdom and Belgium, and by as much as one-third in Italy, where productivity was particularly low as a result of the previous autarkic policy and where there has been the largest shift from ordinary to automatic looms in postwar years. In Switzerland, by contrast, employment has not fallen, largely because Swiss production is concentrated on high-quality articles. It seems reasonable to assume that the outflow of manpower from this branch could be somewhat accelerated, without causing serious social hardships, if — as is likely — manpower continues to be in short supply in western Europe.

Since data on production of *canned foods* are available for only a few products and countries, no assessment is possible of the present overall relationship between production and imports. Such fragmentary information as is available shows, however, marked differences among countries and among products. Broadly speaking, the ratio of total imports to production tends to be high in most western European countries. Imports from developing regions, however, account for only a small share of total requirements except in the United Kingdom and western Germany. British imports of canned meat from less developed countries exceed, and in western Germany reach about one-third of, domestic production. Argentina is the major supplier in both cases. The share of total requirements of canned fruit and fruit juices covered by imports from less developed countries is high only in France and the United Kingdom, largely owing to imports from the Commonwealth and French associated areas overseas.[78]

Although the food canning industry is highly protected in most western European countries, imports from under-developed countries are unlikely to constitute any immediate threat to European production, even if much more liberal import policies are introduced. Canned products imported from these areas are often inferior in quality to western European or American products. Imported canned meat largely consists of corned beef, whereas western European demand is increasingly oriented towards higher-quality types. Furthermore, imported canned products from less developed countries are to a certain extent complementary to — rather than competing with — western European production. Finally, the technique of deep-freezing is likely to capture a growing share of the market in the industrial countries in coming years; and it is much more difficult to create a deep-freezing industry than a canning industry in most under-developed countries.

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[77] In Italy and the Netherlands the cotton-textiles industry accounted for 5 per cent of total employment in manufacturing. In the United Kingdom the share was 2.9 per cent.

[78] See Commonwealth Economic Committee, *Meat*, London 1960 and *Fruit*, London 1960.

Since a favourable demand situation cannot outweigh a relatively unfavourable supply position, it is most unlikely that the western European *rubber industry* will have to face serious competition from less developed countries in the next few years: production in western Europe is expected to expand somewhat faster than industrial production;[79] and there are no indications that imports — at present negligible — of rubber products from the less industrialized countries will increase appreciably in relation to western European consumption.

The various industrial branches considered in this section account for about one-tenth — in terms of value-added or employment — of western European manufacturing industry. In each of these branches the larger part of production is immune to competition from under-developed countries. The part of western European manufacturing industry which might be adversely affected in the short run by a more liberal treatment of imports of processed materials and manufactures from less developed countries is therefore quite modest.

Summary

The processed materials and finished manufactures examined above include the major groups of products for which short-term prospects for exports from the less developed countries appear relatively most promising. Yet the overall outlook is not encouraging. On general grounds, processed materials might be expected to be the most rewarding field for export expansion in the short or medium term. The foregoing discussion, however, has brought to light certain factors which must prevent the developing countries from placing too high hopes on this sector. First, since the demand prospects for a processed commodity are hardly better than for the non-processed material, the benefit which can be reaped by switching to the processed variety is once and for all — although it will of course accrue over a number of years. The gain in foreign exchange earnings from exporting a commodity in processed form rather than in its crude state is determined primarily by the share of value-added in the gross value of output. Against this should be set the cost of imports of capital equipment, fuels, and ancillary materials necessary for processing the material.[80] The value-added in processing materials is low — generally about 15-25 per cent of gross value as compared with 50 per cent or more for most manufactures. In addition, the capital intensity of processing appears to be higher as a rule than for producing final manufactures. As value is added at successive stages of production, the capital/output ratio tends to decline.[81]

Secondly, if the industrial structure of the primary-exporting country is not sufficiently diversified to permit the absorption of by-products of processing — which are not always exportable — the under-developed countries will be at a disadvantage in relation to similar industries in the developed countries. Apart from these general, unfavourable factors, technical factors in some cases hamper a shift from the export of crude to processed materials: for example, the processing of base metals benefits from proximity to the consuming industries. Differences in transport costs sometimes favour processing in the raw-material producing countries — as is true of most ores and concentrates. It is cheaper, however, to transport base metals than the more bulky and fragile semi-processed products. Such differences in unit costs of transportation obviously affect the profitability of a switch from exporting unprocessed to exporting processed materials.

It nevertheless remains true that increased exports of processed materials, as an intermediate step until larger exports of final manufactures are possible, should help to alleviate the foreign exchange bottleneck of some less developed countries. But the substitution of processed for raw materials is unlikely to raise the import capacity of the developing countries by more than 10-20 per cent. Since the net benefit is so modest, while the cost of failure may be heavy, it is not surprising that most successes have so far been won when the importing country had no protective barriers (as in the case of the preferential areas) and, more especially, when it had a positive interest in developing secondary industries in the less developed countries (as during the war period). It follows that the expansion of exports of manufactures proper, as a means of covering their import requirements, is a target of prime importance for most developing countries.

Textile products constitute the only large sector of finished manufactures in which primary-exporting countries have as yet been able to gain ground in western European markets, but even here their " cheap labour " competition is virtually confined to cotton textiles. From the point of view of developed countries, part of the larger imports of textiles from under-developed areas may be compensated by larger exports of textiles to those areas; but on past experience the developing countries are liable to devote the lion's share of additional foreign exchange earnings to imports of capital goods, on which their rate of economic development so heavily depends. The textiles sector will therefore, in the short or medium term, constitute a test case for the commercial policy of the industrial countries. The main task of government policies will be to facilitate the redistribution to other industrial branches of manpower from this sector.

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[79] See the SURVEY for 1957, Chapter V.

[80] This extra import need may, however, be offset in many instances by a reduction in imports of the processed material itself.

[81] See R. N. Grosse, " The Structure of Capital ", *op. cit.*, and W. Leontief, " Domestic Production and Foreign Trade: The American Capital Position re-examined ", *op. cit.*

A similar situation is likely to arise, though on a much smaller scale and more gradually, in other manufacturing branches in which the developing countries appear to be relatively well equipped to expand their exports to western Europe. Some of these branches — for example, clothing, leather, wood products — are precisely those which have grown comparatively slowly and will probably continue to do so. In these branches, as in textiles, larger imports will probably induce structural changes in the industrial countries specializing in lines of production less affected by foreign competition.

However, this is looking further ahead. The present situation is dangerously close to a vicious circle: the under-developed countries cannot appreciably expand exports of manufactures in the short run, for they do not in most cases produce such goods. On the other hand, until the policy of the industrial countries aims at facilitating instead of obstructing imports of those manufactured products in which under-developed areas enjoy comparative advantages, it will be difficult to persuade the developing countries to attach enough importance in their development plans to the production of manufactures for export. It would be too risky. It follows that the major task of western European commercial policies in the immediate future cannot be the defence of domestic production against " mounting pressure " of imports which would disrupt the western European market; for such pressure hardly exists in most industrial branches. Rather, the commercial policy of western European countries should be so framed as to induce changes in the development programmes of the less developed countries, with a view to enabling them to exploit more fully their natural advantages.

4. WESTERN EUROPEAN COMMERCIAL POLICIES

(a) Current trading policies in western Europe

The long-run adjustments in the structure of industrial production in the developed countries, recommended in the preceding sections, will have to be accompanied by changes in their commercial policies. Since most of the less developed countries will need some time to build up export industries on any scale, even a considerable liberalization of the commercial policies of the industrial countries would not involve serious risk of disturbance from greater overseas competition in most branches of western European industry. In those branches in which difficulties have been experienced by western European and North American authorities in the last few years in resisting pressure for increased protection against imports of " cheap labour" manufactures, and *a fortiori* in liberalizing the importation of such manufactures, there is plainly need for foresight in this field, so that the process of adaptation can be gradual.

A revision of policy in respect of imports of such manufactures is, therefore, in the immediate interest of the western European countries themselves; for the less developed countries overseas, the need for such revision is also urgent. Although — with two or three exceptions — the less developed countries are for the time being most concerned with those policies of western European countries which affect their export opportunities in traditional commodities and in processed materials, they will be disinclined to build up export industries without some assurance that their manufactures will be admitted to western European markets.

This section examines the present commercial policies of western European countries in relation to the existing and potential export opportunities of less developed countries overseas. A cursory account of the special trading arrangements under which some of these countries enjoy preferential access to parts of the western European market is followed by a discussion of prospects, which is largely based, in the absence of other evidence, on the provisions of the two western European integration schemes.

Customs Tariffs

The tariff structures of a number of western European countries were analysed in the *Economic Survey of Europe in 1956*,[82] where it was shown that the United Kingdom, France, Italy and western Germany have, on the whole, higher customs tariffs than the Scandinavian and the Benelux countries. Swiss tariffs tend to be closer to those of the latter group — at least for manufactures; whereas Austrian tariffs are relatively high. Alterations in customs tariffs since the preparation of that study have left this picture essentially unchanged, except in one important respect: western Germany has moved towards the group of low tariff countries for manufactured goods.[83]

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[82] Chapter IV, pp. 12-16.

Although the degree of global protection is widely divergent under western European tariff regimes, all have one feature in common — tariffs on primary commodities that do not compete directly with those from domestic farming tend to be low in relation both to processed materials and, in particular, to finished manufactures.[84] The data in Chart 1 indicate the position for a number of materials. With some exceptions — notably in wood — at each stage of the transition from the crude to the processed material and from the latter to the finished product the tariff increases. But there is no general tendency for the tariff level to be closely related to the degree of processing of the commodities shown in the graph. In the transition, for example, from undressed hides and skins to leather goods, from raw cotton to cotton fabrics, and from natural rubber to rubber manufactures the customs tariff often increases less than from cocoa beans to cocoa powder, butter and paste — except in Scandinavia and the United Kingdom. In a few countries tariff protection for vegetable oils and worked copper products is just as high as for some of the finished manufactures shown in the graph. Finally, there is a tendency, by no means universal, for the tariff to increase more in the transition from the unprocessed to the processed material than in that from the processed material to the finished product. On available information it is hard to see whether, or how far, the differences in tariff rates applied to products at diverse stages of processing or manufacture are based on any rational principle such as, for example, the value-added at each stage.

Quantitative Import Restrictions

No such grouping as that made above between high tariff and low tariff countries is possible in respect of the various non-tariff obstacles to trade applied by western European countries. Even the general position in respect of formal quantitative restrictions on imports is difficult to evaluate. The OEEC liberalization percentages, which provide the only accessible basis for inter-country comparisons, are of small value in this context. First, they relate only to intra-OEEC trade and to imports from North America. Second, they are usually calculated on the basis of private imports from these countries in 1948, a year when the commodity composition of such imports certainly differed considerably from that of current trade even with these countries and resembled little, if at all, the present composition of their imports from the less developed countries. For this reason alone, the question whether OEEC liberalization based on this procedure has been extended to the latter countries is of small interest.[85]

Nor do the lists of liberalization measures taken, or quantitative import restrictions imposed, provide a significant measure of the restrictiveness of policies in this field. What counts is how the quotas are administered in practice. Governments are often reluctant to formally remove many such quotas — not because they effectively protect domestic producers today, but rather because the authorities wish to reserve greater freedom of action in the future, during an eventual recession or stagnation of domestic activity. For whichever reason the existing quota restrictions are retained, they clearly constitute a tangible deterrent to efforts in the less developed countries to develop exports to the western European market; for they indicate the reluctance of the industrial countries to renounce, even formally, their right to tackle difficulties at home at the expense of the less developed countries.

The quantitative restriction of imports by western European countries seldom concerns primary commodities that do not compete directly with domestic farming. France is the only large importer in western Europe which still directly controls imports of some primary commodities which are important exports from countries of the overseas French Community. Imports of temperate zone agricultural commodities, in contrast, and tropical products which compete with them (e.g. sugar cane, some vegetable oils), are extensively controlled. Semi-manufactures and finished goods occupy a position intermediate between these two categories in most western European countries.

In this group, manufactures of the type now exported by some less developed countries, or of which exports could be developed, are frequently subject to quota restrictions.[86] Western Germany, for example,

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[83] The "konjunkturpolitische Zollsenkungen" undertaken for industrial products in western Germany in 1956 reduced by 20 per cent duties ranging from 1 to 16 per cent, by 25 per cent those duties ranging from 17 to 25 per cent, and lowered all others to 21 per cent. The second round of reductions, made in 1957, brought an overall lowering of 25 per cent per tariff item. Prior to these reductions the arithmetic average of the western German tariffs on industrial products (other than chemicals and petroleum) has been estimated at 13.5 per cent — as against 18.5 per cent in France and Italy, and 10-11 per cent in Switzerland and the Benelux countries. See, R. Bertrand, "Comparaison du niveau des tarifs douaniers des pays du Marché Commun" in *Cahiers de l'Institut de Science économique appliquée*, February 1958, and H. C. Binswanger, "La protection douanière dans la Communauté Economique Européenne et en Suisse", *op. cit.*, May 1960.

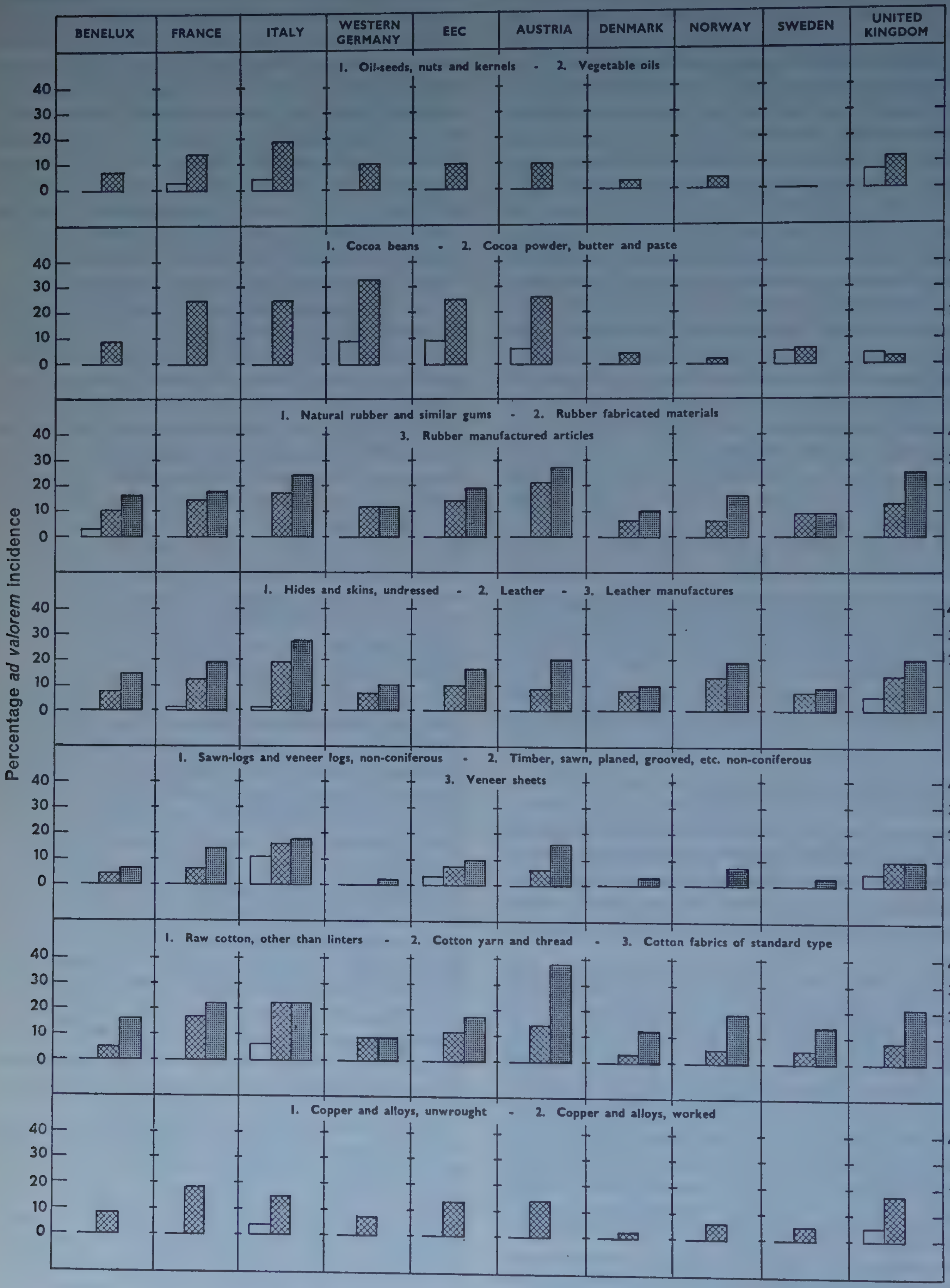
[84] See Chapter III, section 2 (and Annex I) of this SURVEY for an account of the protection afforded to agricultural commodities in western Europe.

[85] The liberalization percentages achieved, and the extensions of OEEC liberalization treatment to less developed countries as of mid-1960, are set out in *Europe and the World Economy*, OEEC, Paris 1960, pp. 73 and 89.

[86] Among the commodities studied by committee III of the GATT, quantitative import restrictions were found to be widespread, severe, and often discriminatory — particularly for cotton and jute manufactures. The high level of customs tariffs for many of these commodities was also stressed. This committee was set up in response to the decision taken at the thir-

CHART 1

Average customs tariffs on imports of selected commodities into EEC and EFTA[a] countries



Sources : See Appendix B.

[a] Excluding Portugal and Switzerland.

Key: □ = 1 ▨ = 2 ▦ = 3

still imposes import licensing for most textiles and clothing, as well as for table-ware, ceramics, porcelain, sewing-machines and certain toys, despite the strong opposition voiced in the GATT in recent years. The far-reaching liberalization by France since 1959 has not removed the restrictions on some light engineering goods, table-ware, household articles, photographic and phonographic equipment, watches, clocks, toys, etc. The exceptions made in the French liberalization lists for Hong Kong cover textiles, clothing, shoes and most other exports which Hong Kong could provide.[87] Goods originating in Japan do not benefit from French liberalization measures, since France refuses most-favoured-nation treatment to Japan under Article XXXV of the GATT.[88]

The United Kingdom also applies this article to Japan, and the supplementary negative list established for imports originating in Japan includes most of that country's exports.[89] Otherwise, British policy towards "cheap labour" manufactures relies less on formal quota restrictions than does that of continental western Europe. As will be seen below, informal agreements on exports provide safeguards for cotton textiles considered necessary; and protection against imported jute manufactures is assured by means of the mark-up of consumer prices by the Jute Control, which has a monopoly of British imports.[90] The other large western European importer — Italy — applies as restrictive a policy towards "cheap labour" manufactures as France. Textiles, clothing, radio receivers etc. are all subject to quota restrictions, irrespective of origin. The Benelux and Scandinavian countries, in contrast, appear to have a fairly liberal policy, and Sweden in particular has removed most restrictions on imports from countries other than Japan.

Voluntary Restrictions on Exports

Besides formal quantitative restrictions on imports, some countries limit imports of "cheap labour" manufactures by means of "voluntary" agreements with the government or export industry of the country concerned. The most important agreement of this type is the Hong Kong-United Kingdom pact on cotton piece-goods, signed in 1958, limiting the former's shipments to the British market to 118 million square yards a year. Similar arrangements were made with India and Pakistan, which began to observe limits of 175 million and 38 million yards respectively in January 1960. The agreement with Hong Kong expires in February 1962, and those with India and Pakistan in January 1963; but the two last-mentioned pacts include a clause making their continuation for a third year dependent on the extension of Hong Kong's undertaking for a fourth year.[91] Although Hong Kong exports in 1959 and Indian exports in 1960 exceeded the limits stipulated by these agreements, British imports of unbleached cotton fabrics rose by more than one-third in both years, and in 1960 European and North American manufacturers achieved a fourfold increase in their shipments to the United Kingdom.

Continental western European countries, which feel less inhibited than the United Kingdom in imposing formal quantitative restrictions on imports from Hong Kong, India and Pakistan, have not found it necessary to resort to voluntary agreements of the type described above. They also use formal import quotas against imports from the other two Far Eastern exporters of manufactures, mainland China and Japan. Japan, moreover, has taken unilateral action to prevent such an expansion of exports as might provoke pressure for special bilateral agreements.[92] Such agreements have, however, already been concluded between Japan, the United States, and Canada in respect of textile manufactures, and are being negotiated for a wide range of other manufactures.[93] These agreements have not been

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teenth session of the GATT in November 1958 to consider a co-ordinated programme of action in respect of tariff and non-tariff obstacles to the expansion of trade with particular reference to the importance of maintaining and expanding the export earnings of the less developed countries. For the reports of the Committee, see *Basic Instruments and Selected Documents*, GATT, Eighth and Ninth Supplements, Geneva 1960 and 1961.

[87] For details, see *Journal officiel de la République française*, 31 December 1960, pp. 12121-12122.

[88] This article states that the GATT "shall not apply as between any contracting party and any other contracting party if: (*a*) the two contracting parties have not entered into tariff negotiations with each other, and (*b*) either of the contracting parties, at the time either becomes a contracting party, does not consent to such application . . .".

[89] *Board of Trade Journal*, August 1960, p. 5.

[90] The mark-up has been reduced from the original 40 per cent, first to 30 per cent and subsequently to 20 per cent. *The Commonwealth and Europe, op. cit.*, p. 249.

[91] Representatives of the Hong Kong textile industry have recently announced that they will vigorously oppose any attempt to renew the current agreement (see the *Financial Times*, 29 November 1960).

[92] The decision of the Japanese Government to establish quantitative restrictions (effective from May 1960) on exports of transistor radios to the United States market, which followed the petition from United States transistor producers in autumn 1959, is an example of this type of unilateral measure. Similarly, voluntary control of exports of textile manufactures to the European and North American markets has been exercised since 1956, according to Mr. Yoshue Imai, Director of the Textile Bureau, Ministry of International Trade and Industry, Japan. The act on Emergency Regulations of Textile Industry Facilities adopted in that year provided initially for a restriction of 30 per cent (presumably of exports in 1955); this was reduced to 18 per cent towards the end of 1958, when the market situation improved. According to Mr. Imai these steps have been highly appreciated by western European and North American countries (see, *Far Eastern Economic Review*, Vol. XXX, No. 5, 3 November 1960, and Vol. XXIX, No. 5, 4 August 1960).

[93] The agreement with the United States has been in operation since 1957, whereas that with Canada was concluded only in May 1960. The latter provides for quotas on all garments of cotton and synthetic fibres and about three-fourths of other textile items exported by Japan to the Canadian market. Goods still under negotiation in mid-1960 include plywood, waterproofed canvas, rubber-soled footwear, plastic rainwear and

accompanied, as was the United Kingdom pact with Hong Kong, by efforts to reorganize domestic industry.[94] It is noteworthy that the British scheme aims primarily at improving the efficiency and competitiveness of domestic producers rather than at providing for larger imports from less developed countries. Nor, apparently, have any special steps been taken by continental western European countries or the United States to facilitate such an adjustment of domestic industry as would allow for the current and future trade needs of less developed countries.[95] While it is true that these countries still admit " cheap labour " manufactures in sufficient quantities to provide some incentive for reorganization of domestic industries, it is difficult to see how the restrictive policies currently pursued can be claimed to be temporary.

Imports of " Cheap Labour " Manufactures into Western Europe and the United States in 1959

Perhaps the most straightforward way of judging the restrictiveness of the commercial policies of the developed countries is to consult the data on the imports effected.

The data in Table 18 convey an impression of the extent to which " cheap labour " manufactures were admitted into western Europe and the United States in 1959. The United Kingdom took two-thirds or more of its imports in the listed categories of textiles, fabrics and manufactures from Far Eastern countries (including Japan). The share was 40 per cent for clothing and exceeded one-fourth for footwear. France, in contrast, had practically no imports from these countries in any of the groups shown; and the same is true of Austria, except in cotton greycloth, and of Italy, save for non-specified textile manufactures.[96] The share of western German imports from Far Eastern countries exceeded one-fifth only for jute fabrics and pottery. The proportion of Far Eastern manufactures in Benelux imports was also modest, but they appear to be somewhat more important in those of the Scandinavian countries. Finally, in 1959 the United States took a large share of its imports in most of the commodity groups shown; the proportion was less than one-third only in cotton yarn and thread, and glass-ware. It should be noted, however, that the table covers only Far Eastern countries. Practically all American imports of cotton yarn and thread came from less developed countries other than those included in the table. Western Germany and the Scandinavian countries also obtained certain imports in this group from such countries which, in western Germany and Norway, account for some 12 to 14 per cent of the total. In the remaining commodity groups, less developed countries other than those in the Far East had virtually no exports to the western European market except for some textiles, footwear and non-specified manufactures imported by France — largely from Morocco, Tunisia and Algeria.

Mixing Regulations and Fiscal Duties

Direct restrictions, formal or informal, on imports of manufactures constitute the most serious deterrent to efforts by the less developed countries to effect the export diversification essential for more rapid economic development. As obstacles to increasing current export incomes of many of these countries, such import restrictions are accompanied by other measures — e.g. various types of mixing regulations, stipulating that minimum shares of domestically produced materials be used in such industries as margarine and soap making, and certain forms of indirect taxation.

It is particularly in relation to coffee, cocoa, tea and tobacco, commodities on which a number of very under-developed countries depend for a large part of their foreign exchange earnings, that the taxation policies of some western European countries may have an adverse effect.[97]

The special turnover taxes levied on foreign, as distinct from domestically produced goods by some western European countries such as Belgium, the Netherlands and Italy, do not appear effectively to discriminate against the former, except perhaps in Italy. In

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several other products. Efforts to establish " orderly marketing " with Hong Kong, initiated by the United States Government in January 1959, had still not resulted, by August 1960, in any final agreement (see, *Far Eastern Economic Review*, Vol. XXIX, No. 7, 18 August 1960, and Vol. XXIX, No. 5, 4 August 1960).

[94] See the *Economic Bulletin for Europe*, Vol. 11, No. 3. In July 1959 the British Government passed an Act providing for a 25 per cent government subsidy for orders of new textile machinery placed before July 1962 and installed before July 1964.

[95] Measures resembling those taken in the United Kingdom have recently been adopted for the textile industry in Spain. For details, see *Economia Mundial*, 22 October 1960, p. 14.

[96] The position of Switzerland cannot be clearly assessed, since Swiss trade statistics do not always specify the relevant commodity groups.

[97] With the price elasticities of demand ruling in the high income countries of western Europe, it is difficult to assess how much changes in taxation policy could increase these earnings. The charges, or their *ad valorem* equivalence (based on 1957 prices), and the import duties applied in 1957 in the three western European countries with particularly heavy taxation of these commodities are shown below. The position has not changed importantly since 1957 except in respect of coffee in western Germany, for which the weight of " other fiscal charges " in the total has risen from 65 to 87 per cent.

Percentages

A = Import duty; B = Other fiscal charges

	France		*Western Germany*		*Italy*	
	A	B	A	B	A	B
Coffee (not roasted) .	20	40	25	47	10	77
Cocoa beans	0	9	10	0	4	69
Tea (black, in bulk) . .	30	29	52	45	50	0
Leaf tobacco	[a]	..	32	112-788	[a]	265-348

Source : GATT, *Trends in International Trade*, a report by a panel of experts, Geneva 1958.

[a] State monopoly.

TABLE 18

Total imports of selected manufactures, and imports from Far Eastern countries,[a] into western Europe and the United States in 1959

Millions of dollars

Commodity groups	Austria	Switzer-land	Nor-way	Sweden	Denmark	United Kingdom	Belgium-Luxem-bourg	Nether-lands	Western Germany	France	Italy	United States [b]
Cotton yarn and thread, grey	3.6	0.9	3.3	5.6	4.3	9.0	1.2	8.6	10.9	—	—	0.3
of which : Far East	—	—	—	0.3	—	6.3	—	—	—	—	—	—
Cotton fabrics, grey	6.4	2.4	2.8	6.9	3.2	69.6	3.1	17.6	13.0	1.3	—	20.5
of which : Far East	2.2	1.6	—	5.1	1.1	63.0	0.5	2.8	1.9	—	—	13.1
Jute fabrics	—	—	1.3	0.7	4.5	15.0	0.2	0.9	3.0	0.2	—	97.5
of which : Far East	—	—	0.6	0.2	2.9	14.1	—	0.2	1.2	—	—	87.8
Textile manufactures n.o.s. . .	0.4	—	4.1	6.8	5.4	19.2	7.8	14.8	14.5	8.7	1.8	21.9
of which : Far East	—	—	0.3	1.3	1.1	12.9	3.3	2.5	2.2	0.2	0.7	10.2
Glassware	1.7	—	2.2	3.7	4.4	12.2	7.6	12.0	8.2	4.5	10.3	22.7
of which : Far East	—	—	—	—	—	0.9	0.1	0.2	—	—	—	3.2
Pottery	2.7	—	1.0	4.3	2.1	5.1	6.2	4.9	3.5	1.9	9.7	56.7
of which : Far East	—	—	—	1.1	0.3	0.5	0.7	0.6	0.9	—	0.6	34.8
Clothing, except fur clothing .	3.3	—	27.0	46.3	18.6	74.8	36.9	58.9	86.7	10.2	7.3	253.8
of which : Far East	—	—	2.3	5.4	4.6	30.2	1.5	1.2	14.1	—	—	156.1
Footwear	0.5	—	4.0	11.6	1.4	36.4	13.9	8.0	28.2	4.5	0.5	94.1
of which : Far East	—	—	—	0.1	—	10.4	0.5	0.6	1.0	—	—	51.8
Scientific optical controlling instruments	13.0	—	9.4	31.2	12.6	45.1	24.6	30.6	27.9	23.2	27.9	70.0
of which : Far East	0.3	—	0.5	3.8	0.7	1.3	0.9	1.0	2.9	0.1	0.6	24.7
Manufactured articles n.o.s. . .	17.0	—	11.9	36.1	10.3	94.0	46.1	41.1	324.7	16.1	20.0	202.7
of which : Far East	—	—	0.2	3.5	0.3	14.3	2.2	2.2	6.2	0.6	1.8	84.1

Sources : OEEC, *Statistical Bulletins — Foreign Trade*, Series C, 1959.

[a] Including Japan.

[b] Imports f.o.b.

any case they are not high — rarely exceeding 5 per cent — and do not discriminate between commodities of interest to overseas less developed countries and imports in general.[98] The variable import fees levied by Sweden are also non-discriminatory in this sense, but many of them are high: they have, for example, an *ad valorem* incidence of 20 to 25 per cent on vegetable oils, which is higher than the incidence of the customs tariffs levied by any of the countries shown in Chart 1.

Preferential Trading Arrangements

Each under-developed country is affected differently by the tariff and non-tariff measures reviewed above; how much it is affected partly depends on the geographical distribution and commodity composition of its export trade. The preferential trading arrangements operated by some western European countries in favour of overseas countries and territories with which they have special economic and political links also cause radical differences in the positions of some of the less developed countries in parts of the western European market.

The most important of such schemes, in terms of the volume of trade, are those operated by the United Kingdom in respect of Commonwealth countries, and by France in favour of its former and present overseas dependencies. Both systems are based on the principle of freedom from quantitative restrictions on intra-trade within the preferential areas — although this principle has not always been effectively observed by the overseas trading partners of the two countries; nor can the informal quota arrangements for British imports of Commonwealth textiles be considered as fully in harmony with this principle.

The second basic element of both systems is preferential tariff treatment accorded in intra-trade. The French position is straightforward. All goods originating in the Franc Zone are admitted entirely free of duty, and French tariffs for most of them are high enough to provide an appreciable preferential margin. Tariff free treatment is not always accorded to French goods in return, or in some cases gives no effective preference since all imports, irrespective of provenance, are exempt. Apart from the overseas French departments, which constitute administrative units of metropolitan France, former French West Africa is in fact the only area within the French Community to have a regime combining effective tariffs against countries outside the Community with completely duty-free treatment of French goods. Nor do the overseas Commonwealth countries always grant preferences to exports from the United Kingdom: Ghana, Kenya, Nigeria, Tanganyika and Uganda accord none, Singapore and Hong Kong accord them only on tobacco and some beverages. The United Kingdom, on the other hand, accords all exports from Commonwealth countries some preferences, but full duty-free treatment is not a general feature as it is under the French regime.[99]

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[98] For the Belgian Transmission Tax Surcharge, see *Board of Trade Journal*, HMSO, Nos. 3299, 3300 and 3301; for the Dutch Turnover Tax Surcharge and the Italian Compensation Tax, *ibid.*, Nos. 3317 and 3318.

Preferential margins in the British market are, for the most part, less important than those enjoyed by the French Community countries in France. The disparity can be ascribed, in part, to the fundamental differences in the economies of these countries. Morocco and Tunisia apart, the overseas French Community countries are all typical tropical economies with large exports of tropical foodstuffs; whereas many Commonwealth countries rely heavily on exports of industrial materials, which tend to have lower tariffs than tropical products under both the French and the British regimes. Yet large differences also exist between countries with roughly similar export structures.

Preferences enjoyed by selected countries in France and the United Kingdom in 1957

Percentages

	French market	
	A	B
Former French West Africa	9	53
Former French Equatorial Africa	3	10
Former French Cameroons	9	51
Malagasy Republic	11	55
Morocco	14	57
Tunisia	14	62
	British market	
	A	B
British West Africa	6	79
British Central Africa	2	42
British East Africa	4	90
Union of South Africa	5	53
Australia	4	48

Sources and methods : See Appendix B.

A = Average margin of preference.

B = Share of total exports to the preferential markets that benefit from preferences.

The above data show that former French West Africa, the former French Cameroons and the Malagasy Republic all enjoy preferential margins in the French market far in excess of those accorded to Commonwealth tropical producers in Africa by the United Kingdom. The margin obtained for former French Equatorial Africa, however, is very small: the exports of these countries consist very largely of groundnuts, wood, cotton and crude petroleum — commodities for which France has no effective tariff. Some of these commodities also weigh heavily in the exports of British West Africa, which would enjoy only about one-half of the preferential margin they currently receive in the United Kingdom if they were subject to the preferences provided under the French regime. British East Africa, in contrast, with its large exports of coffee, for which the British regime provides only a small preferential tariff compared with one of 20 per cent under the French regime, would be more favourably placed than the countries of former French West Africa.[100]

It cannot, therefore, be concluded that the more advantageous position of French Community countries in the French market than of tropical Commonwealth countries in the British market is due to the combination of a tendency for the tariff on commodities exported by tropical Africa to be higher in France than in the United Kngdom with the provision of full duty-free treatment for all goods under the French regime. It is due more to differences in export structures. Such differences probably account for the disparity between the position of Morocco and Tunisia, on the one hand, and the Union of South Africa and Australia, on the other — a disparity which is just as pronounced as that among the countries of tropical Africa.

The Commonwealth preferential system differs importantly from that of the French Community in a second respect — the extent to which the exports of overseas countries are assisted by special non-tariff arrangements. Such arrangements were of some importance in Commonwealth trade during the war and early postwar period of bulk buying and long-term contracts. At present, however, they are limited to agreements on Commonwealth sugar, Australian wheat and meat, and New Zealand meat; and only the agreement on sugar provides guaranteed prices above the world market price. French policy, in contrast, relies to a large degree on special measures for assisting producers in some of the countries and territories of the overseas Franc Zone. The highly complicated system of marketing and price guarantee arrangements operated by France in their favour, supported by severe restrictions on imports from third countries, have made it possible for many major export commodities from these areas to fetch prices in metropolitan France sometimes exceeding world market prices by a much larger margin than can be accounted for by customs tariffs.[101]

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[99] The most important exceptions to full tariff exemption are coffee, cocoa and products, tobacco, sugar, wines, silk and synthetic fibres and textiles, or textiles and other goods containing such fibres, all types of clothing, watches, clocks, toys and musical instruments. For most of these commodities, Commonwealth exports to the United Kingdom pay about five-sixths of the normal United Kingdom tariff.

[100] The importance of tobacco in the exports of British Central Africa, and the existence of a French tobacco monopoly, makes a similar estimate for this country difficult.

In the Italian market, equally high preferential margins are enjoyed by producers of bananas in the former Italian Trusteeship territory of Somaliland. The tariff-free treatment for these bananas, which are outstandingly important in Somalia's exports, in itself implies a 30 to 40 per cent preference that is further increased by the high prices paid by the Italian banana monopoly. The preferences accorded by the remaining western European countries to their former or present overseas dependencies appear to be less important. The commercial relationship of Belgium to the Congo (Leopoldville) and Ruanda Urundi, which has been based on complete non-discrimination from both sides is, however, entirely unique.

Export Concentration

These special arrangements have undoubtedly helped to direct the exports of the beneficiary countries to the preferential markets. However, diverse economic and non-economic forces must also have been at work in determining the direction of their export trade; for there seems to be no clear relation between the margin of preference and the degree of concentration on the preferential market. From the following data, for example, it can be seen that the former Belgian Congo is as reliant on the Belgian market, in which it competes on fully equal terms with other countries, as are some Commonwealth countries on the British market. Among the latter, Burma and Hong Kong in particular, which send some 10 to 15 per cent of their total exports to the United Kingdom, enjoy much higher preferences than, for example, Nigeria, which depends on the British market for more than one-half of its exports. The marked concentration of the export trade of Mauritius on the United Kingdom coincides, however, with the extension of substantial preference.[102]

The following data show that France is a more predominant market for the exports of the French Community than is the United Kingdom for most Commonwealth countries, although the disparity is not large for some of the tropical African countries. There is a fairly general tendency towards a decline in the concentration of exports on the former or present parent country: Hong Kong and Mozambique are the only countries which have notably increased the degree of concentration over the last two decades.[103] Sharp declines have occurred in many, including Nigeria, Mauritius, Ghana, former French Equatorial and West Africa, Madagascar, Congo (Leopoldville) and Angola.

Share of exports to former or present metropolitan countries as percentage of total [a]

	1938	*1950*	*1959*
India	34 [b]	22	28
Pakistan	..	14	18
Hong Kong	4	5	14
Burma	14	4	9
Kenya	29 [c]	35	25
Nigeria	67	79	51
Mauritius	85	49	81
Northern Rhodesia	39	48	46 [d]
Tanganyika	32	43	35
Uganda	..	28	20
Ghana	63	40	31
Union of South Africa	34	27	30
Algeria	83	73	82
Morocco	44	37	45
Tunisia	56	46	51
Former French Equatorial Africa	69	70	58
Madagascar	79	77	57
Former French Cameroons	56	58	53
Former French West Africa	79	71	67
Congo (Leopoldville)	84	58	44
Somalia (ex-Italian)	..	75 [e]	76
Angola	43	31	18
Mozambique	33	34	48

Source: Direction of International Trade; United Nations, *Yearbook of International Trade Statistics; The Commonwealth and the Sterling Area — Statistical Abstracts.*

[a] The United Kingdom for Commonwealth countries, France for the French Community countries, Belgium for the Congo (Leopoldville), Italy for the former Italian Trust Territory in Somalia, Portugal for Angola and Mozambique.

[b] Includes Pakistan.

[c] Includes Uganda.

[d] Federation of Rhodesia and Nyasaland.

[e] 1951.

Benefits

No detailed assessment of the benefits which the preferential trading arrangements operated by some western European countries may have brought to overseas less developed countries will be attempted here. But it is of interest to note a few points. The preferential treatment accorded to exports of primary commodities and manufactures alike, and the formal acceptance of the principle that none of these commodities should be subject to quota restrictions, could help in a diversification of exports from less developed countries. This is suggested by the relatively large exports of manufactures achieved by Hong Kong, India and Pakistan to the British market. To a lesser extent this may also be true of Morocco and Tunisia.

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[101] The margin for coffee, for example, ranged between one-fifth and one-third during the fifties, and amounted to fully one-half in mid-1960; for groundnuts it reached some 35 per cent in mid-1958, and higher still for groundnut oil; while for bananas the disparity has varied between one-third and one-half. Upper limits are normally put to the quantities annually taken by France at preferential prices, or these quantities are sometimes made dependent on shipments effected to third — or specified third — markets.

[102] According to estimates made by Political and Economic Planning, the average margins of preference enjoyed in the British market in 1957 varied from 2 per cent for Central Africa to 3-4 per cent for Australia, New Zealand and Pakistan, 6-7 per cent for West Africa, India and Burma, and 17-20 per cent for Hong Kong and Mauritius (see, *Commonwealth Preference in the United Kingdom*, PEP, London 1960, Table IV).

[103] The increase recorded for the Federation of Rhodesia and Nyasaland is partly due to the change in the coverage of the data.

The remaining Far Eastern and African countries, which are generally at a much lower stage of economic development, have not been in a position to take any significant advantage of the opportunities offered. In some of them, in particular those within the French Community, the very advantageous treatment accorded to their primary commodities may have acted as an incentive to forgo the long-term benefits of export diversification in favour of the short-term advantages of high foreign exchange earnings. And in those countries which have only recently acquired autonomy in their commercial policies, the development of industries, whether for export or for the domestic market, may also have been hampered by lack of effective protection against metropolitan manufactures. The preferential treatment accorded to these manufactures may also have acted as a disincentive to the establishment of metropolitan industries in the overseas country. The more advanced stage of industrial development reached in the Congo (Leopoldville) than in the tropical countries of the French Community may be due in part to the completely non-discriminatory policy followed by Belgium, which has apparently encouraged the establishment in the Congo of branch factories of metropolitan firms. This policy has also permitted imports of industrial materials and manufactures at far lower prices than were possible in the overseas French Franc Zone.

(b) Prospective commercial policies in western Europe: EEC and EFTA

The principle of the industrial countries' responsibility for assisting in the development of the less developed countries has not been adequately recognized, as yet, in western European commercial policies. Hence the treaties, conventions and protocols constituting the European Economic Community (EEC) and the European Free Trade Association (EFTA) are of particular interest, for they are the only available guides to the future commercial policies envisaged by western European countries. But these future policies, and the implications of the integration schemes for less developed countries overseas, cannot yet be clearly assessed — for several reasons. First, the Stockholm Convention deals only with intra-regional trade — not with commercial policies of member countries vis-à-vis the outside world. Second, the treaty documents of both trade groupings provide little more than a formal framework which can be variously interpreted. Finally, the integration arrangements may undergo far-reaching changes if the present schemes of the Six and the Seven are reconciled.

The policy of the EEC countries, as it appears from the customs union provisions of the Rome Treaty and their implementation so far, is briefly considered in this sub-section. The final level of the EEC external tariff and the Community's policy in respect of quantitative import restrictions are not yet known, and the scarcity of data on relative costs and supply elasticities of production in all the countries concerned precludes an assessment of the implications of EEC policy for the exports of overseas less developed countries in general. However, some assessment of the position of those less developed countries which are associated with the EEC is possible; and the conclusion drawn in this section is that, although their exports will in some cases enjoy large preferences in the EEC market and these countries will benefit from financial aid accorded by the Six, it is not certain that their economic development will otherwise be facilitated by association with the Community.

The EFTA arrangements are of less interest in relation to the export trade of the majority of less developed countries, and discussion of them is confined to the main points on which their implications differ from those of the EEC scheme.

The last part of the sub-section examines the position of individual less developed countries exporting to the two western European regional markets, in the light of the commodity structure and directional pattern of their present exports. On this basis, the countries likely to be most adversely affected by changes in commercial policies envisaged under the EEC integration scheme appear to be some tropical producers in Africa and Latin America and a few exporters of temperate zone agricultural produce in the Mediterranean region and Latin America. The adverse effect of the Rome Treaty on most Far Eastern countries, by contrast, should be small; but they are also likely to benefit less than African and Latin American countries from any increases in overall demand in the EEC as well as in the EFTA. Except for Hong Kong, India and Pakistan, few developing countries depend greatly on the EFTA market for exports which are likely to be affected by the freeing of intra-trade in that area.

The EEC Tariff Regime

The EEC tariff regime provides for both the removal of tariffs on imports from member and associated countries, and the establishment of a common tariff vis-à-vis third countries. This regime will not alter the position of most unprocessed industrial materials for which the common EEC tariff is nil and which already enjoy tariff-free treatment under the existing national regimes. The position of the principal temperate zone agricultural commodities is likely to depend more on the details of the common EEC agricultural policy, which are not yet agreed, than on the tariff changes.[104] But these changes will affect the trade flows of certain tropical commodities, processed materials and manufactures.

By and large, the common EEC tariff on commodities which are, or could be, important exports from the less developed countries is not much higher than the weighted average of the previous effective national tariffs. It may eventually fall below this average for a number of commodities, but the GATT negotiations on the external EEC tariff have not yet progressed far enough to indicate how big the cuts may be. The EEC offer of a 20 per cent reduction in its tariff, conditional upon reciprocal concessions by other GATT members, may result in lower discrimination against outsiders than originally foreseen in both the EEC and the EFTA, and in a tendency to reduce tariff obstacles to world trade in general. However, some less developed countries are not Contracting Parties to the GATT and will not, therefore, benefit automatically from tariff reductions effected by GATT members.

Another factor which may mitigate the possibly unfavourable effect on overseas less developed countries of the present formal EEC arrangements is the reserved attitude taken by some members of the EEC, and by western Germany in particular, towards any important tariff discrimination in favour of associated tropical producers. This attitude, which is motivated in western Germany by concern for its trading relations with certain third countries, especially in Latin America (which is traditionally an important market for western German exports), might lead to a reduction in the external EEC tariff. Large cuts have already been made in the external EEC tariff for such tropical products as spices and tea — the latter cut amounting to some 50 per cent, or from 35 per cent to 18 per cent. Moreover, the Rome Treaty is vague concerning the duration of the tariff-free or tariff-reduced quotas for some tropical commodities; it is thus an open question whether these will be retained as a more or less permanent feature.[105] Finally, since the Treaty places member countries under no obligation regarding their fiscal policy, the effects of tariff discrimination on some commodities may be partly offset by raising fiscal charges. While not in conflict with the letter of the Treaty, such fiscal measures certainly run counter to its spirit, and western Germany may find it difficult to go much further than it already has in this field.[106]

It is impossible to say at this stage how restrictive the common EEC tariff will be in its effect on imports from outside countries. Nor even is it possible to be sure whether the common tariffs set out in the Rome Treaty, List " G ", and later agreements are more or less restrictive than the previous tariffs of the six member countries. Apart from the general difficulty of measuring the restrictive effects of a tariff, there is the problem of deciding which tariffs to use for the comparison. The claim that the external tariff has been established in conformity with GATT rules, which (in paragraph XXIV of the General Agreement) stipulate that the duties of a custom union shall not " on the whole be higher or more restrictive than the general incidence " of the pre-existing national duties of its member countries, is of limited interest in assessing the restrictiveness of the EEC tariff. The stipulation is interpreted by the EEC authorities as relating to the overall incidence on global EEC imports from the outside world,[107] where this incidence is taken to mean the simple arithmetic average of pre-existing legal tariff rates — rather than the frequently lower GATT consolidated tariffs or tariffs effectively applied in the previous national regimes of the Six. While it is in the interest of third countries that the EEC tariff be as low as possible, even a tariff corresponding to the lowest rate applied in any of the previous national regimes could conceivably operate, as intra-trade within the EEC is freed, so as to cut sharply imports from third countries.

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[104] The common EEC agricultural policy as at present envisaged is considered in Chapter III.

[105] The west German banana quota, for example, may, at the end of the transitional period of the Treaty, still amount to 75 per cent of tonnages imported from third countries in 1956. Member countries declare their readiness to agree to corresponding increases in the quota if the countries and territories associated with the EEC cannot supply the total quantities required by western Germany. In respect of the Benelux quota for coffee, the Treaty Protocol makes no reference to the end of the transitional period, but merely states that the quota shall be reduced by the beginning of the third transitional stage (1965) to 50 per cent of total tonnages imported from third countries in 1956.

[106] The western German fiscal duties on coffee which, being specific, discriminate heavily against the cheaper varieties exported by countries associated with the EEC, were raised from DM 3 to DM 3.60 per kilo in January 1959, or to an *ad valorem* equivalent (calculated on unit values of imports from EEC associated countries in 1959) of some 90 per cent. At the same time, western Germany, availing itself of the possibility open to member countries under the Rome Treaty of more rapidly aligning their duties to the external EEC tariff than is provided for in the Treaty, reduced its tariff on imports of coffee from DM 1.60 to DM 1 per kilo and extended this reduction in full to third countries. This step implies a postponement of the introduction of a preference in favour of associated countries, envisaged by the Treaty to take place from January 1959, until 1966, when the tariff on imports from these countries will be lower than the external EEC tariff. At the same time, the western German tariff on cocoa beans was lowered from 10 per cent to 8 per cent, or to less than the common EEC tariff of 9 per cent, a reduction which, it seems, is legally in conformity with the Treaty. According to decisions of the EEC Council, reductions in tariffs undertaken in implementation of the Rome Treaty in 1959 and 1960 could be extended to third countries only when they did not result in lower tariffs than the external EEC tariff.

[107] The agreement of the EEC authorities to conduct negotiations with the GATT on their external tariff on a commodity-by-commodity and country-by-country basis will provide the opportunity for a closer examination of the special case of individual third countries.

EEC Policy on Quantitative Import Restrictions

EEC policy in respect of quantitative import restrictions, which may affect particularly the opportunities for exports of manufactures from less developed countries, is of even greater interest to some of them than is the Community's tariff policy. But for most of the less developed countries, EEC policy regarding quantitative restrictions of imports of manufactures will be of concern mainly as an indication of the attitude of the Community in the long run, rather than for its effects on their current exports.

Evidence of what is contemplated by the EEC authorities in this field is scarce. The Rome Treaty considers quantitative import restrictions in detail only in so far as their elimination in trade among member countries is concerned. For some of the manufactures exported by less developed countries the restrictions currently maintained do not apply to intra-OEEC trade; and the EEC countries are therefore not obliged by the rules of the Community to alter these quotas apart from making such adjustments as may be required by the adoption of a common policy towards third countries. The attitude of the Treaty regarding such a policy contrasts sharply with the detailed time schedule it provides for the elimination of quantitative restrictions in intra-trade. The harmonization of EEC policy in respect of quantitative restrictions applied to imports from third countries is merely referred to as an aim of the Community's policy, practical arrangements being left to the EEC Commission.

Whether such harmonization can be held to be in conformity with the GATT is a question still to be settled. Apart from the exceptions made for agriculture, the GATT permits quantitative restrictions on imports only on balance-of-payments grounds,[108] which would seem to presuppose a common balance of payments for the Six if " harmonized " restrictions are to be justifiable. If EEC policy is to be conducted in conformity with GATT rules, it may also be asked whether the elimination of quota restrictions in intra-trade can be discriminatory. Since import restrictions can no longer be retained on balance-of-payments grounds in these countries, it will be difficult to justify anything short of the removal of all remaining restrictions on imports, other than of agricultural products, from GATT members.

Apart from temperate zone agricultural produce and closely competing tropical commodities, such as cane sugar and some tropical vegetable oils, imports of primary commodities are not subject to quantitative restrictions in EEC countries (except in France). Hence, no matter which policy is adopted in respect of existing restrictions, the traditional exports of the large majority of less developed countries are unlikely to be directly or immediately affected. France will probably not be exhorted in the GATT to extend to all countries the quotas on tropical commodities that will be introduced or enlarged in implementation of the Rome Treaty, since such extensions might have very adverse effects on the overseas members of the French Community.[109] It can be expected, therefore, that the effects of the projected liberalization of trade among the EEC countries will be largely confined to manufactures.

The Associated Countries and Territories of the EEC

The preferential regime provided for associated countries and territories by the Rome Treaty is, as has been shown, by no means an innovation for most of them. They have all — except the Congo (Leopoldville) and Ruanda Urundi — enjoyed for many years a preferential position in the markets of their former or present metropolitan country. Most of their principal exports to these markets have fetched prices not only well above world market prices but also providing in many cases a higher preferential margin than is implicit in the EEC external tariff. It is far from certain, therefore, that the EEC tariff regime, even though its preferences encompass the entire EEC market, will effectively stimulate increased production in these areas, unless the special French and Italian arrangements in favour of their former dependencies are retained. And these arrangements, which rely on severe restrictions of imports and are financed through high consumer prices, are most unlikely to survive when the Common Market is fully implemented.[110]

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[108] Little is known in any case about the treatment under such a policy of manufactures of interest to less developed countries. Certain proposals have been made by producers' circles in member countries. For example, the west German textiles industry, with the support of other EEC producers, has suggested that global EEC quotas should be introduced, equivalent to 1 per cent of EEC production, for all cheap textiles from " abnormal " countries (including eastern Europe) with additional imports admitted only for re-export beyond the EEC area. The proposal of the French jute industry, concerning the establishment of quotas on all jute manufactures of Asian origin, goes even further in that it would impose quotas on imports destined for re-export (see *The Commonwealth and Europe*, The Economist Intelligence Unit, London, 1960, pp. 250-252).

[109] If the French quotas on tropical commodities were extended to third countries, exporters of, for example, coffee, oil-seeds and bananas would probably gain ground in the French market, at least in the short run, at the expense of producers in the French Community. If the removal of restrictions is limited to intra-trade, competition with the latter countries would come largely from the Congo (Leopoldville).

[110] It is unlikely that the EEC will adopt special measures in favour of the associated countries similar to those currently operated by France. The inclusion of a number of tropical products in Annex II of the Treaty, which lists commodities subject to the agricultural provisions of the Treaty, apparently does not imply (as some associated countries may have expected) that arrangements will be made for these commodities resembling those anticipated under the common agricultural policy. The EEC authorities appear to interpret this point of the Treaty as a commitment on the part of the Six to take account of the interests of associated tropical producers when elaborating their common agricultural policy, rather than as an obligation to take special measures in their favour. For the time being, only groundnuts, which are the chief export of some of these countries and for which no tariff preference will be granted in the EEC market, are

Moreover, for technical reasons output of most tropical commodities subject to tariff discrimination under the Rome Treaty cannot be greatly increased in the short run in the associated countries. The gradual implementation of the EEC tariff regime,[111] and the relatively important duty-free or duty-reduced quotas granted for some of these commodities, should also prevent any immediate or large changes in the pattern of production. The tariff difference needed to induce EEC importers to divert their purchases to preferential markets may, however, be barely greater than the one to be established in the initial stages of implementing the Rome Treaty; and the statistical position of most tropical commodities should make it possible for the EEC associates to increase their share of the EEC market in the short run.[112] In so far as third countries could offset a decline in their exports to the Six by increasing exports to markets from which associated countries would divert their shipments, the exchange earnings of third countries would not be reduced — except, perhaps, owing to a slight fall in prices. Apart from sugar, output of which will be controlled through the common agricultural policy, coffee appears to be the only tropical commodity for which current supplies in the EEC associated territories are seriously in excess of requirements. Hence, a diversion of EEC purchases of coffee to the associated countries might adversely affect third countries.

Associated countries will have to overcome two market weaknesses of their exports if the diversion of EEC purchases to them is to be on a large scale. First, they will have to improve — and standardize — the quality of certain export commodities such as cocoa. The second problem, which is more difficult to overcome, is the production of those special varieties of some commodities — e.g. coffee, bananas and tobacco — which are demanded by EEC consumers. The importance of consumer preferences in the maintenance of existing trade patterns in these commodities should not, however, be exaggerated; they are probably attributable in large part either to fiscal measures discriminating against the cheaper varieties grown in associated countries, or simply to importers' buying traditions. In any case, the associated countries could probably produce in the long run even the particular varieties now consumed in the EEC market or else such close substitutes that a small price differential could induce significant shifts in consumption.

The preferential treatment accorded to EEC associates can be expected to favour their traditional exports — largely at the expense, it is worth noting, of countries and territories which are also poor and under-developed. But it is less clear from the Rome Treaty documents whether the general economic development and the diversification of the exports of these countries will otherwise be facilitated by their association with the Six. They will receive financial aid from the Six and may benefit from greater technical know-how, commercial contacts etc.[113] On the other hand, the commitments of the associated countries to cease discriminating in their commercial policies among the Six will expose their industries to competition from EEC manufactures offered at lower prices than those currently charged by the metropolitan producers.[114] It remains to be seen whether the right, accorded to the associated countries under the Rome Treaty, to levy tariffs for protective as well as revenue purposes will be granted generously enough to safeguard their industry (existing and prospective) from powerful competition by EEC manufactures. The absence of any provisions for the use of quantitative import restrictions by the associated countries raises the question not only whether local industry can be adequately protected, but also whether their general economic development may not be hampered by difficulties in rationing scarce foreign exchange resources. Finally, the limitations imposed by the Rome Treaty on the commercial policy of the associated countries may impede the diversification of their economies that could result from closer regional co-operation or expansion of trade with other less developed countries. The current arrangements are, however, provisional and may well be modified to take account of such shortcomings when the Implementing Convention relating to the association of these countries with the EEC is renegotiated in 1962.

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to benefit from special arrangements (which, however, are not designed as an incentive to higher output).

[111] The decision to accelerate the implementation of the customs union provisions of the Rome Treaty, taken in May 1960, excluded not only temperate zone agricultural commodities but also tropical commodities listed in Annex II to the Treaty. This Annex includes most of the principal export commodities of associated countries that are subject to tariff discrimination. The EEC Commission subsequently proposed an accelerated alignment of EEC tariffs on the latter commodities too (to take effect on 1 January 1961), but the EEC Council of Ministers has as yet not taken final action on this proposal. The reserved attitude, already mentioned, of some of the EEC member states in respect of tariff preferences for tropical products makes it unlikely that this proposal will be accepted.

[112] There are certain exports to non-EEC markets, even of most of the commodities benefiting from the special arrangements operated by France in favour of its former overseas dependencies. These exports have often been developed as a result of schemes which make exports at high prices to France partly conditional upon exports to third markets.

[113] The EEC Development Fund, set up for the promotion of social and economic development of these countries and territories, in principle does not finance directly productive investment. It was established primarily for financing social and infrastructure investment and economic projects only to the extent that they are (according to Article 3 of the Implementing Convention) " of general interest and directly connected with a programme including productive and specific development projects". The association of these countries with the Six may, however, act as a stimulus to private foreign investment in processing and manufacturing industries.

[114] The Congo (Leopoldville) and Ruanda Urundi, with their entirely non-discriminatory import policy, are exceptions.

The EFTA Arrangements

The EFTA will have less far-reaching effects than the EEC on the export opportunities of less developed countries. The Stockholm Convention does not provide for a common agricultural policy, nor even for free intra-trade in agricultural commodities; nor does it contemplate the association of any overseas less developed country. The EFTA therefore directly affects only manufactures; adverse consequences for exports of less developed countries will result only from a deterioration of their competitive position in the market of any one EFTA country in relation to that of the other six members, not in relation to the competitive position of other overseas less developed countries as well.[115] Moreover, the bearing of the EFTA arrangements will be more on prospective than on current exports, since less developed countries have only small exports of manufactures to the EFTA market.[116]

Not only will the EFTA affect a narrower range of commodities than the EEC, but the effects on these commodities may also be smaller. Earlier studies prepared by the secretariat of the Economic Commission for Europe stressed the importance of the larger size of the EEC market, and the generally higher national tariff duties and lower trade quotas of its members, as factors making for larger shifts in the structure of its production and trade than in the EFTA.[117] These shifts will partly be from high-cost producers in one member country to low-cost producers in another, and partly from low-cost producers in third countries to high-cost producers in member countries. Of the two types of shift, the latter would have the more adverse implications for the exports of third countries. The more complementary industrial structures of the EFTA countries appear to leave less scope for shifts from high-cost to low-cost sources of supply within the area than exists in EEC countries, which have more competitive industrial structures. At the same time, the effect on income of merely freeing intra-trade within the former area is likely to be less important than that produced by the far-reaching integration of economic and social policies, and the progressive merging of the national economies of the Six, foreseen by the Rome Treaty.

The Position of Individual Less Developed Overseas Countries in the EEC and EFTA Markets

An attempt to appraise the general restrictiveness of EEC and EFTA arrangements in relation to the exports of overseas less developed countries is faced with a number of difficulties. The most important are inadequate knowledge of the details of policies foreseen in these arrangements and the problem of evaluating the reorientation of production and trade within western Europe, as well as the acceleration of economic activity in the area, resulting from them. But in appraising the relative rather than the absolute bearing of western European integration schemes on individual less developed countries overseas, these difficulties constitute less serious obstacles.

Current negotiations on the external EEC tariff, whatever their outcome, will not radically change the relative position of the main commodity groups as it appears today. It must be assumed, for example, that an EEC external tariff will be retained for processed materials and manufactures, as well as for some tropical commodities; whereas most industrial crude materials will be admitted duty-free. The consequences for individual commodity groups of shifts in the industrial structure and acceleration of activity resulting from the western European integration schemes can also be broadly distinguished. For industrial materials, for example, in which western Europe has little or no scope for expanding output, no important consequences will ensue for exports of third countries; but for temperate zone agricultural commodities, as well as for some processed materials and manufactured goods, a reorientation of western European production is liable adversely to affect the exports of outsiders. It is possible, therefore, to indicate roughly the differences in the direct and immediate bearing of accelerated growth resulting from western European integration schemes on individual overseas less developed countries by considering the commodity structure and directional pattern of their exports. The imports of these countries, or their trade balance with the two western European trade groupings, are of relevance chiefly in so far as they create a weaker or stronger bargaining position vis-à-vis these groupings.

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[115] It has been alleged in the GATT that exports of raw materials from less developed countries might be adversely affected by (*a*) a tendency for EFTA manufacturers to dispense with inventories of materials not qualifying for area treatment, for reasons of convenience, storage space etc. (these inventories have to be kept separately from those for materials qualifying for area treatment under the EFTA origin rules, which are established to identify the origin of goods traded within the area in order to prevent the re-export of goods from a member with low to a member with high external tariffs); and (*b*) by an indirect extension of the area of effective preferences currently enjoyed by Commonwealth countries in the United Kingdom market and by Portuguese dependencies in the Portuguese market. Certain GATT members also feared that exports of semi-manufactures by less developed countries will suffer from an incentive, alleged to be provided by the Stockholm Convention, for member countries to import crude at the expense of processed materials. The complexity of many of the provisions of the Stockholm Convention makes it difficult to assess the validity of these objections (see *Basic Instruments and Selected Documents*, 9th Supplement, GATT, Geneva 1961).

[116] It is shown below that such exports consist almost exclusively of shipments to the United Kingdom from a few overseas Commonwealth countries enjoying preferential treatment in the British market. This treatment will be retained under the EFTA, since the Stockholm Treaty provides for no changes in the commercial policy of the Seven vis-à-vis third countries. But in the EFTA in its final form, the non-agricultural products of Commonwealth countries will no longer enjoy a preferential position in the British market in relation to other EFTA members.

[117] See, for example, the *Economic Bulletin for Europe*, Vol. 11, No. 2, pp. 10-12.

The varying degree to which the exports of less developed countries are geared to the two markets is indicated by the data in Table 19. Apart from the Commonwealth, and the Portuguese territories in Africa, dependence on the EEC market is almost everywhere greater than on the EFTA market. In those former African dependencies of Belgium and France now associated with the EEC, the Six frequently take 70 per cent or more of total exports (largely accounted for by the former metropolitan country); elsewhere — and excluding petroleum producers in the Middle East — the share rarely reaches one-third. The data in the table also show that the EEC is as a rule a more important market for the exports of Latin American countries than for those from the Far East.

There are wide differences not only in the degree of concentration of exports on the two regional markets, but also in their commodity structure. The extent to which exports will be affected by the EFTA arrangements depends on the predominance of processed materials and manufactures exported to that area.

Processed materials and manufactures as a percentage of total exports from selected less developed countries to the EEC and the EFTA in 1959

Percentages

	EEC countries	*EFTA countries (excluding Switzerland)*
Latin America	18	34
Argentina	12	15
Brazil	8	16
Chile	79	79
Peru	16	15
Africa	22	29
Egypt	8	16
Ghana	8	19
Nigeria	4	24
Rhodesia and Nyasaland	72	64
Union of South Africa	20	31
Middle East	5	14
Israel	41	31
ECAFE countries	20	29
Hong Kong	88	97
India	36	31
Indonesia	23	8
Pakistan	6	17
Malaya and Singapore	9	18

Source : OEEC, *Statistical Bulletins — Foreign Trade*, Series C, January-December 1959 and supplement.

NOTE. — Area and SITC coverage as in Appendix Table I.

From the examples given above, it can be seen that among the less developed countries which have succeeded in building up an export trade of some importance in manufactures proper, India and Israel are the only ones for which processed materials and manufactures constitute a larger proportion of exports to the

TABLE 19

Share of western Europe in total exports of selected overseas countries and territories in 1959

Billions of dollars, and percentages

Exporting country	Total exports	Share in total exports of: Western Europe	EEC	EFTA
Latin America	**9.26**	**31.5**	**16.4**	**13.5**
Argentina	1.01	65.0	37.3	25.9
Brazil	1.28	35.1	19.8	12.4
British associated territories	.50	49.4	6.7	41.7
Chile	.50	49.4	30.4	17.6
Colombia	.47	25.4	15.2	8.7
Cuba	.64	13.6	7.0	5.1
Dominican Republic	.13	33.6	11.1	17.7
El Salvador	.11	37.9	34.8	3.1
Guatemala	.10	29.2	24.2	5.0
Mexico	.60	11.0	7.3	3.4
Peru	.31	39.4	26.2	12.8
Venezuela	2.20	15.8	6.2	8.5
Africa	**5.74**	**67.2**	**39.8**	**26.2**
Algeria	.37	92.9	85.7	6.0
British East Africa	.44	54.4	19.9	34.6
Cameroons	.11	77.5	75.1	2.4
Congo (Leopoldville)	.46	81.6	70.7	10.6
Egypt	.44	27.1	14.7	7.8
Former French West Africa	.27	75.1	73.9	1.2
Ghana	.32	73.6	37.8	35.2
Morocco	.33	76.5	63.7	9.8
Nigeria	.46	84.9	34.0	50.9
Portuguese Africa	.21	68.8	17.1	50.0
Rhodesia-Nyasaland	.52	71.3	20.7	50.2
Sudan	.19	60.2	31.4	27.7
Tunisia	.14	85.6	72.9	7.6
Union of South Africa	1.05	55.1	17.9	36.4
Middle East	**4.50**	**59.7**	**34.7**	**20.2**
Aden	.17	23.0	5.5	12.9
Iran	.93	54.9	27.2	21.2
Iraq	.61	76.8	52.2	20.3
Israel	.18	65.6	24.3	29.7
Kuwait	1.27	66.7	37.1	29.1
Saudi Arabia	.83	51.5	38.4	3.3
Syria	.10	31.9	26.0	4.7
Far East [a]	**7.21**	**27.7**	**10.5**	**16.1**
British Borneo	.36	14.3	7.2	7.1
Burma	.22	17.9	6.0	9.9
Ceylon	.36	41.1	12.0	28.3
China (Formosa)	.16	5.6	4.3	1.2
Hong Kong	.57	20.7	4.7	15.8
India	1.31	38.5	7.7	28.7
Indonesia	.86	33.7	10.7	22.9
Malaya	.81	30.4	14.2	14.8
Pakistan	.32	43.6	19.8	20.7
Philippines	.53	16.9	12.8	3.4
Singapore	1.12	21.8	9.9	10.3
Thailand	.36	9.4	4.8	4.6

Source : Direction of International Trade 1959.

NOTE. — The table lists countries with global exports of $100 million or more. For coverage of the regional totals, see Appendix Table I.

[a] Excluding mainland China.

EEC than of exports to the EFTA. In Hong Kong, Pakistan and the Union of South Africa, in contrast, these commodities represent a larger share of exports to the Seven than of exports to the Six. However, for all five countries shipments of processed materials and manufactures to the Seven are bigger than those to the Six in absolute terms. Most of the remaining less developed countries listed below rely more on processed materials and manufactures in their exports to the EFTA than in their exports to the EEC; and, if data on regional totals are considered, these exports are found to be distinctly more important in trade with the former countries.

For most of the less developed countries it is the effect of the EEC on trade flows in temperate zone agricultural produce and in tropical commodities that is liable to give rise to concern. The dependence on exports of temperate zone agricultural commodities to the Six is pronounced in Argentina, and is fairly important in Paraguay, Peru, Morocco, Tunisia, Israel and the Federation of Rhodesia and Nyasaland (see Table 20). Although the EEC common agricultural policy has not yet been agreed in detail, the special schemes will probably deal mainly with the principal agricultural industries of the Six, namely grains, sugar, livestock and possibly oil-seeds.[118] For wine, fruit and vegetables on the other hand, which are less generally subject to special marketing and price support schemes in the current national regimes of the Six, reliance may be placed largely on quality controls, seasonal import restrictions and tariff protection. The restrictiveness of the latter type of arrangements on imports from third countries may be assumed to be less severe than that of the EEC common agricultural policy. All the major exporters of temperate zone agricultural commodities to the Six depend on commodities likely to be subject to a common EEC agricultural policy; it can be seen from the table that Morocco is the only exception.[119]

Other primary commodities subject to tariff discrimination under the Rome Treaty account for as much as four-fifths, or more, of total exports into the Six from the big coffee and banana producers of Central America, such as Colombia and Ecuador, and from Ghana, which chiefly exports cocoa and tropical wood. The corresponding share for Brazil exceeds two-thirds, and it is again primarily coffee and cocoa which make for the predominance of this group; the same is true of those tropical African countries, for which the data in Table 20 indicate shares ranging from

TABLE 20

Commodity composition of imports into the EEC area from selected third countries in 1959

Percentages

A = Temperate zone agricultural commodities.
A.1 = Unlikely to be included in EEC common agricultural policy.
B = Primary commodities subject to a zero external EEC tariff.
C = Petroleum and products.
D = Primary commodities subject to an external EEC tariff exceeding zero.
E = Processed materials and manufactures.

Country of origin	Percentage share					
	A	*of which:* A.1	B	C	D	E
Latin America						
Colombia	2.5	—	0.8	12.6	83.5	0.6
Ecuador	0.7	—	3.3	—	95.7	0.3
Venezuela	—	—	11.7	83.3	2.9	2.1
Argentina	63.5	1.3	24.7	—	5.8	6.0
Brazil	11.3	—	21.2	—	64.6	2.9
Chile	7.0	5.0	80.4	—	10.8	1.8
Paraguay	25.2	—	63.7	—	8.2	2.9
Peru	28.8	—	59.5	1.3	10.1	0.3
Uruguay	17.1	—	78.6	—	3.2	1.1
Africa						
Egypt	9.2	5.8	63.1	19.3	0.7	7.7
Ethiopia	12.3	2.8	43.6	1.6	39.2	3.3
Ghana	—	—	7.1	—	90.9	2.0
Morocco	31.5	14.9	35.0	0.6	18.0	14.9
Nigeria	—	—	61.8	1.3	35.0	1.9
British Associated Territories:						
in West Africa . . .	0.9	0.6	85.9	—	13.0	0.2
in East Africa . . .	6.5	1.2	53.9	0.1	36.4	3.1
Rhodesia and Nyasaland .	16.0	0.1	83.0	—	0.1	0.9
Sudan	6.8	0.5	93.0	—	0.1	0.1
Tunisia	33.0	2.2	19.8	—	39.2	8.0
Union of South Africa . .	11.4	1.0	67.3	1.0	5.7	14.6
Middle East						
Iran	0.5	0.2	8.8	80.1	3.7	6.9
Saudi Arabia	—	—	0.4	99.6	—	—
Israel	15.4	—	6.5	—	37.1	41.0
Syria	2.5	0.4	32.7	63.6	—	1.2
ECAFE countries						
India	7.6	0.8	40.4	0.2	16.1	35.7
Indonesia	18.3	—	24.5	13.7	12.7	30.8
Malaya and Singapore . .	—	—	88.4	2.6	7.1	1.9
Pakistan	3.0	—	91.4	—	—	5.6
South Viet-Nam	2.5	—	87.7	8.7	0.7	0.4

Source: Office statistique des communautés européennes, *Commerce Extérieur, Tableaux Analytiques*, 1959.

NOTE. — For SITC coverage of above groups, see Appendix B.

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[118] For the types of measures proposed, see Chapter III, section 4 (*b*).

[119] It should be noted that Table 20 conveys only very roughly the relative importance of the five commodity groups distinguished. Standardized international trade statistics are not given in detail corresponding to the items distinguished in the common EEC tariff; and differences in nomenclature in national statistics make it difficult to use this material. Nor has the degree of refinement allowed by available international trade data been aimed at in the table, which is based chiefly on a classification of commodity groups according to the treatment envisaged under the Rome Treaty for most component items. This means that, for example, SITC section 27, which contains a number of items subject to tariff discrimination, but predominantly items enjoying duty-free entry into the EEC market, has been included under B in the table. A somewhat arbitrary distinction has also been made in some cases between groups A, A.1 and E.

35 to 40 per cent — except Nigeria, which has quite large exports of tropical wood.

Exports of petroleum and petroleum products, which are shown separately in the table, since the external EEC tariff for some of these commodities has not yet been agreed, completely dominate the exports of the Middle East petroleum producers and Venezuela. Finally, many countries depend on the EEC market chiefly for exports of commodities entitled to duty-free treatment under the Rome Treaty, such as textile fibres, hides and skins, rubber, metal ores and certain base metals. More than 90 per cent of total exports to the Six from Pakistan and the Sudan consist of such commodities, and the corresponding share ranges from 80 per cent to 90 per cent in a number of others including Malaya, South Viet-Nam, Rhodesia and Nyasaland, British West Africa and Chile.

Clearly, the data presented in Table 20 provide no more than a rough idea of the varying degree to which those less developed countries overseas which are not associated with the EEC would be affected by the arrangements foreseen in the Rome Treaty. In the first place, the probable responsiveness of exports to any acceleration of activity resulting from EEC integration varies a great deal. In some countries at least, the commodity composition of exports that affords a low degree of vulnerability to EEC arrangements is at the same time one that is relatively insensitive to growth in activity and demand in the EEC market. Thus, some Far Eastern countries which, owing to their heavy dependence on exports of commodities such as textile fibres, hides, skins, rubber and tin, are in a comparatively favourable position under the Rome Treaty, might benefit less from a general acceleration of activity in the EEC area than African and Latin American exporters of products subject to tariff discrimination in the EEC market (for example, coffee, cocoa, tobacco, bananas and aluminium.

Second, it should be noted that the level of the external EEC tariff differs markedly among products within both the group of primary commodities subject to tariff discrimination and the group of processed materials and manufactures. Only by weighting the individual items by their respective tariff duties could a more accurate impression of the relative positions of individual countries be formed. However, such a calculation would not be significant, since the restrictiveness of the external EEC tariff on imports from third countries cannot be assumed necessarily to vary in accordance with its level.[120] This is true not only of imports of temperate zone agricultural products or " cheap labour " manufactures, which will be regulated largely by means of non-tariff measures (if the Community relies on the type of policy currently pursued by its members), but also of those for which the tariff will constitute the sole instrument of EEC commercial policy.

5. SUMMARY AND CONCLUSIONS

Before recommending specific measures by means of which the already industrialized countries can help to meet the trade needs of those in the process of economic development, it may be useful to summarize the arguments and conclusions of the preceding sections. The import needs of the less developed countries are bound to grow as population and per capita income rise. Even if industrialization and increasing agricultural output enable them to meet most of their growing demands for consumer goods and foodstuffs from domestic production, all of them will depend on imports for the capital goods required for development — at least for the first stages of industrialization; and most of them will need to expand their imports of raw materials. A very rough projection suggests that their aggregate import requirements will rise from about $20 billion now to perhaps $60 billion (at constant prices) by 1980. Even on the optimistic assumption that the developing countries will receive sufficient aid in the form of capital loans and grants to finance some $10 billion of these imports (in addition to the growing external debt service), this implies the necessity for the developing countries to expand their aggregate exports from $19 billion to some $50 billion, i.e. more than two-and-a-half times in 20 years.

Demand prospects in the European and North American markets for the traditional export commodities of the great majority of developing countries do not promise an export expansion in any way approaching this magnitude. By 1980, these markets are unlikely to absorb more than about $20 billion worth of traditional commodity exports. Even if generous allowance is made for a vigorous development of intra-trade in these traditional commodities among the developing countries, and for expanding markets in the countries of the eastern trading area, such exports are

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[120] Results of this type of calculation are given below for selected third countries in Africa. The figures show (A) the average percentage incidence of *ad valorem* EEC external tariffs on exports to the EEC in 1958 of products subject to an *ad valorem* EEC tariff, and (B) the average percentage incidence of such tariffs on global exports to all destinations in 1958.

	A	*B*		*A*	*B*
Morocco	10.2	8.0	Rhodesia and Nyasaland	3.4	0.8
Tunisia	13.4	7.6	Nigeria	2.3	0.7
Libya	10.2	5.0	Union of South Africa	3.4	0.6
Ghana	7.4	3.6	United Arab Republic (Egypt)	2.7	0.4
Portuguese territories	8.2	1.9	British West Africa	2.9	0.3
Ethiopia	9.1	1.7	Liberia	0.5	0.0
British East Africa	5.6	1.3	Sudan	0.1	0.0

Source : The Impact of Western European Integration on African Trade and Development, United Nations document E/CN.14/72, December 1960.

most unlikely to fill more than two-thirds of the export gap. The remaining third, i.e. at least $15 billion by 1980, will have to take the form of manufactures, including the value-added by processing of materials.

This should not be an impossible task, given enough determination in the developing countries and co-operation by those that are already industrialized. If the developing countries (in their intra-trade) and those of the eastern trading area jointly absorb one-third of these exports of manufactures, and the developed countries outside Europe (North America, Japan, Oceania) take another third, western Europe will need to expand its imports of manufactures from the developing countries to (say) $5 billion in 1980. If western Europe achieves the targets of domestic economic growth to which it now looks forward, these $5 billion will represent only about 2 per cent of the *increase* in domestic western European demand for manufactures that will occur in the next 20 years.

But the task will be accomplished only if the countries of western Europe appreciate its magnitude and begin now the necessary adjustment of their commercial policies and domestic industrial structure. The need for action is urgent, for several reasons. First, freer access to European markets for processed materials and manufactures is necessary in the next few years for many developing countries — not least for India, the largest and poorest of them all. Second, no developing country will embark on the effort of building up export industries unless it feels reasonably sure that the necessary markets will not be closed to it when it has the goods to sell. Third, the developed countries will not, in fact, find it practicable to liberalize their commercial policies, unless they adjust their domestic industrial development to the prospect of an increasing exchange of their own products, chiefly capital goods, for the manufactures, chiefly products of industries requiring relatively little capital or advanced technology, of the developing countries; this process of adjustment must be gradual and prepared well in advance. Finally, the time seems ripe for action now, inasmuch as the countries of western Europe, in their schemes of economic integration, are already engaged in far-reaching adaptation of their pattern of industrial development.

In the countries of eastern Europe and the Soviet Union also, the present might seem a favourable time to consider a reorientation of economic and trade policies with the trade needs of the less developed countries in mind. The first industrial base in the former countries has been completed, and a more complicated pattern of economic aims is now being set, in which the raising of personal consumption standards has a higher priority than in the past. Even without fundamentally modifying their policies of assuring that supplies of vital materials, basic foodstuffs and equipment are largely provided by capacity within the CMEA area, these countries could easily plan to meet a considerable proportion of their subsidiary needs through foreign trade; and the resulting increase in the degree of specialization of their production could benefit them as well as the less developed countries. Should policies regarding supplies of basic raw materials, etc. be similarly modified the potential economic gain could be even greater.

The natural assumption that the developing countries might find a relatively easy road to export expansion in higher degrees of domestic processing of their raw materials for export has been found to need much qualification. Demand prospects for processed materials are often little more favourable than for their crude equivalents, while the value-added in processing is frequently small. In some cases, the absence of a local market for by-products would place processing industries in the less developed countries at a competitive disadvantage vis-à-vis corresponding industries in the developed countries.

The relatively limited opportunities for expanding exports of primary and processed commodities make it essential for the developing countries to build up industries exporting finished manufactures. So far, few of them (though they include some of the largest) have reached a stage of industrialization at which they export large quantities of manufactures; and it is particularly unfortunate that this development should mainly have taken place in industries such as textiles and clothing, for which demand prospects in the industrialized countries are relatively unfavourable. Moreover, the important branch of cotton textiles is also exposed to adverse technological change — the competition of synthetic fibres. It is clear that the developing countries will need to orient their industrial development for export, as far as possible, towards products less subject to these handicaps.

The review of western European commercial policies confirms the need for the developing countries to reduce their dependence on traditional primary-product exports, since the markets for these commodities cannot be greatly enlarged even by liberalization of western European policies. Industrial materials are already accorded liberal treatment in most of these countries, so that there is little scope for reduction in tariffs and other obstacles to trade. In respect of temperate zone agricultural products, a revision of the highly restrictive agricultural policies pursued by most western European countries cannot be counted upon to give much help to the developing countries. Any expansion of western European imports would mainly benefit, apart from a few countries in a North Africand Latin America, the already developed countries in North America and Oceania.

Western European policies towards imports of tropical foodstuffs, on the other hand, affect a large number of countries which are among the poorest and least developed in the world. They could be helped by more liberal treatment in excise taxation and mixing regulations, which in several western European countries at present depress demand for their products. Similarly, there may be a case for reconsidering the high tariffs levied by certain countries on some tropical products, and in particular the external tariff envisaged by EEC countries which, while benefiting certain less-developed countries in Africa, is liable to have serious adverse effects on a number of equally poor or poorer countries not associated with the Community. All such modifications of policy in relation to tropical foodstuffs, however, would bring only a once-for-all gain and could not significantly improve the long-term export prospects of the less developed countries.

Apart from capital aid, the western European countries can best assist the developing countries by according more liberal treatment to their exports of manufactures. If such liberal treatment is to help the more advanced of the industrializing countries in the near future, and to stimulate all of them to devote part of their scarce capital resources to the development of industries exporting manufactures, it is essential that it includes both a range of short-term measures and a broad policy for the longer run.

As a minimum token of the spirit in which they would approach the problem and give some immediate practical help, the countries of western Europe[121] should urgently consider the following measures to liberalize their commercial policies:

(*a*) The inordinately high customs tariffs of some western European countries on certain processed materials (such as cocoa powder, paste, etc.) and some finished manufactures (such as textiles and leather goods) should be reduced.

(*b*) Every effort should be made to dispense as soon as possible with formal discriminatory import restrictions imposed on manufactures from Japan and Hong Kong. Although Japan is not an under-developed country, the treatment accorded to its exports by the developed countries is bound to be construed by the developing countries as evidence of the treatment their own exports can expect in future.

(*c*) Similarly, informal restrictions on imports of " cheap labour " manufactures maintained by some developed countries should be reviewed and determined efforts made, by domestic measures to facilitate the movement of resources out of uncompetitive domestic industries, to hasten their removal.

(*d*) Closer attention should be paid to the trade needs of developing countries in the elaboration of the EEC and EFTA integration schemes. In particular, preferential treatment to associated territories should be designed to benefit their long-run economic development and industrialization, not merely their short-term export prospects for traditional commodities.

The developed countries of western Europe could, with advantage, go further. In the immediate future, exports of manufactures from the developing countries, with the possible exception of cotton textiles, jute and some lines of clothing, will not represent a significant threat of competition to the manufacturing industries of the highly industrialized countries of the world. Such exports at present constitute a minute proportion of western European imports of manufactures from all sources, including intra-western European trade; and *a fortiori* in relation to western European industrial production. It is not, therefore, paradoxical to argue that, if the western European countries want to help the developing countries, they could do so, without significant risk to their own industries in the short run, by abolishing all customs tariffs and other obstacles to imports of manufactures from the developing countries. Few of the developing countries would be able to take advantage of such a move for some years to come (for few of them have any manufacturing industries which will compete in western European markets); but the resulting stimulus to industrialization and economic development might be worth more to them than much aid in the form of capital loans or grants.

Even such liberal treatment would be unlikely to change radically the general tendency for industrialization in under-developed countries to aim primarily at import substitution rather than at export of manufactures. However " uneconomic " a project for domestic production of goods previously imported may be, it will often seem less risky than one aiming at export production. Production of commodities to replace imports finds a ready market which is, or may be, protected from foreign competition by high transport costs, by customs tariffs or by quantitative restrictions. Production for export not only requires basic competitiveness, but also poses the formidable task of breaking into export markets, while running the risk that these markets may disappear overnight through the imposition of trade barriers. There is also substance in the argument that, in some fields (e.g. production of fertilizers), import-replacing industries give a greater stimulus to domestic economic development through external economies than industries producing mainly for export.

On the other hand, the burden of the argument of this chapter is that, sooner or later, most of the developing countries must begin producing manufactures for export if they are to earn the minimum amounts of foreign exchange needed to finance their growing import requirements. Some of them are already able to produce certain lines of manufactures at prices competitive with those of the highly industrialized countries; and, as their domestic industrial base expands, there will be more and more lines of manufacture in which individual developing countries will reach this position, provided they can be helped over the initial "infant industry" stage. It is in this context that preferential treatment by the industrial countries, in the form of a drastic liberalization of their commercial policies in relation to imports of manufactures from the developing countries, could play an important role.

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[121] While the analysis in this chapter has been concerned mainly with commercial policies in western Europe, the policy conclusions apply, *mutatis mutandis*, with no less force to developed countries outside Europe, and in particular the United States.

Complete abolition of all tariffs and import restrictions may be an unreasonably high target. Some industries in Europe — cotton textiles is the most obvious example — would be exposed to serious damage from export competition from the few under-developed countries which have built up substantial textiles exports. For this reason alone, unqualified abolition of all restrictions stands little chance of acceptance by all western European countries. These countries might also fear that such abolition would open a wide loophole through which enterprises from competing industrial countries could, by establishing branches in under-developed areas, circumvent present customs barriers. Moreover, the very width of sweep of unqualified abolition would make it a doubtful proposition to the under-developed countries themselves. For the risk of sudden loss of painfully developed export markets, through the adoption of "emergency" protective measures in their European markets, would be a serious deterrent to efforts to take advantage of the move.

None of these objections, however, would be valid against more limited and discriminating forms of liberalization. Each of the industrial countries of western Europe might agree, as a realistic gesture of immediate aid to the developing countries, to abolish all tariffs and import restrictions on such exports of manufactures by individual under-developed countries as do not, in any year, exceed a certain proportion — say, 3 or 5 per cent — of its total imports in the previous year in that commodity group. So long as the exports of a given commodity from any given under-developed country do not exceed the specified proportion of the European country's imports of that commodity, they would be admitted free of tariff or other restriction. Once they exceeded the specified proportion, they would be subject to whatever tariffs, or other restrictions (also, it is to be hoped, being gradually liberalized) would apply in the absence of the special preferential treatment proposed here.

A move of this kind could not reasonably be regarded as spelling any threat to the domestic industries of the industrial countries: the limitation to 3 or 5 per cent of imports (whichever percentage is selected) would adequately guarantee this.[122] At the same time, it would be precisely the kind of help that is needed to overcome the special "infant industry" disadvantages under which industrial export production in under-developed countries now labours. Once this special disadvantage is overcome, by export production reaching a significant scale, the special preferential treatment would automatically lapse. The possibility that such a move would attract overseas capital from advanced countries into manufacturing production for export in under-developed countries, which was mentioned above as a possible objection to unqualified abolition of all import restrictions, would become a positive merit of the more limited proposal. For the possibility of taking advantage of the limited preferential treatment to be accorded to such exports might suffice to attract some overseas private capital and know-how into manufacturing projects in underdeveloped countries without thereby seriously threatening domestic producers in competing industrialized countries.

As a supplement to, not a substitute for, the specific short-term measures suggested above and aid in other forms, a move along these lines would represent not only a significant measure of help to the under-developed countries, it would also be in the longer-run self-interest of the industrial countries themselves. In the short run, it would help to raise the import capacity of the under-developed countries which, in turn, determines the size of the market that they constitute for the capital equipment and other industrial products of the industrial countries. In the longer run, it would assist the industrial countries in preparing and undertaking the process of adjustment in their domestic industrial structures which, as was argued, is inevitable if they are to accommodate themselves to the gradual industrialization of the now under-developed world. By its contribution to a pattern of world trade less autarkic and more in line with opportunities for international specialization on the basis of comparative advantage, it would be to the mutual benefit of advanced and developing countries alike.

Finally, it need hardly be emphasized that the problems of adjustment in the pattern of trade between the developing and the developed countries, and in their respective domestic economies, will not be solved easily if each country, or group of countries, goes its own way. There is need for close co-operation amongst all the countries concerned. To organize and assist in such co-operation might well be a priority task for the United Nations and its regional commissions.

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[122] As an additional safeguard, it might be agreed that if the total exports of a particular commodity group *from all under-developed countries taken together* exceed a certain ceiling (say, 20 or 30 per cent of the total imports of a particular industrial country for that commodity group), the countries concerned shall negotiate such reduction in the maximum percentage of imports for each exporting country below 3 (or 5) per cent as will keep the total exports of the group of under-developed countries within the limit of 20 (or 30) per cent.

CHAPTER VI

ECONOMIC DEVELOPMENT IN ALBANIA AND BULGARIA

The Economic Survey of Europe in 1959 *contained a study (Chapters VII and VIII) of the progress of economic development and the problems for the future in the countries of the less industrialized "fringe" of Europe, other than those of centrally planned economy. The purpose of the present chapter is twofold. It is first to complement the study just mentioned with a review of progress in two of the centrally planned economies which were among the least economically developed countries of Europe as the Second World War ended.*[1] *The second purpose is to continue the process of comprehensive examination of longer-term developments and of the economic structures in individual eastern European countries, to which some contributions — on eastern Germany, Hungary and Poland — have already been made in the* Economic Bulletin for Europe.[2]

The two studies which follow have been based upon data contained in official publications, and also on information given by the governments concerned to the secretariat in response to written inquiries or in the course of oral discussions. They naturally summarize, and to some extent complement, the continuous review of short-term changes in these countries, and the special examinations of developments in particular economic sectors,[3] *which have been undertaken in past issues of the* SURVEY *and* Bulletin.[4]

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[1] A study of progress from a low level of industrialization in a region of the Soviet Union was published in the *Economic Bulletin for Europe*, Vol. 9, No. 3 ("Regional Economic Policy in the Soviet Union: the Case of Central Asia").

[2] Vol. 7, No. 2, Vol. 8, No. 3, and Vol. 9, Nos. 1 and 3.

[3] For example: "The planning and finance of investment [and] investment programmes and results in eastern Europe and the Soviet Union", "European transport problems", "Manpower and employment in eastern Europe and the Soviet Union", "Consumption and problems of distribution in eastern Europe and the Soviet Union", "The long-term plans in the Soviet Union and eastern Europe", in successive issues of the annual SURVEY from 1955 to 1959, and studies on eastern European and Soviet external trade, particularly in the SURVEY for 1957 and the *Bulletin*, Vol. 11, No. 1.

[4] It had earlier been hoped to include a study on Rumania also in this chapter; but pressure of work on the secretariat, and the appearance at the end of 1960 of important revisions of data on this country, precluded its publication in this SURVEY. It is, however, the secretariat's intention to publish an article on post-war economic development in Rumania in the *Bulletin* during 1961.

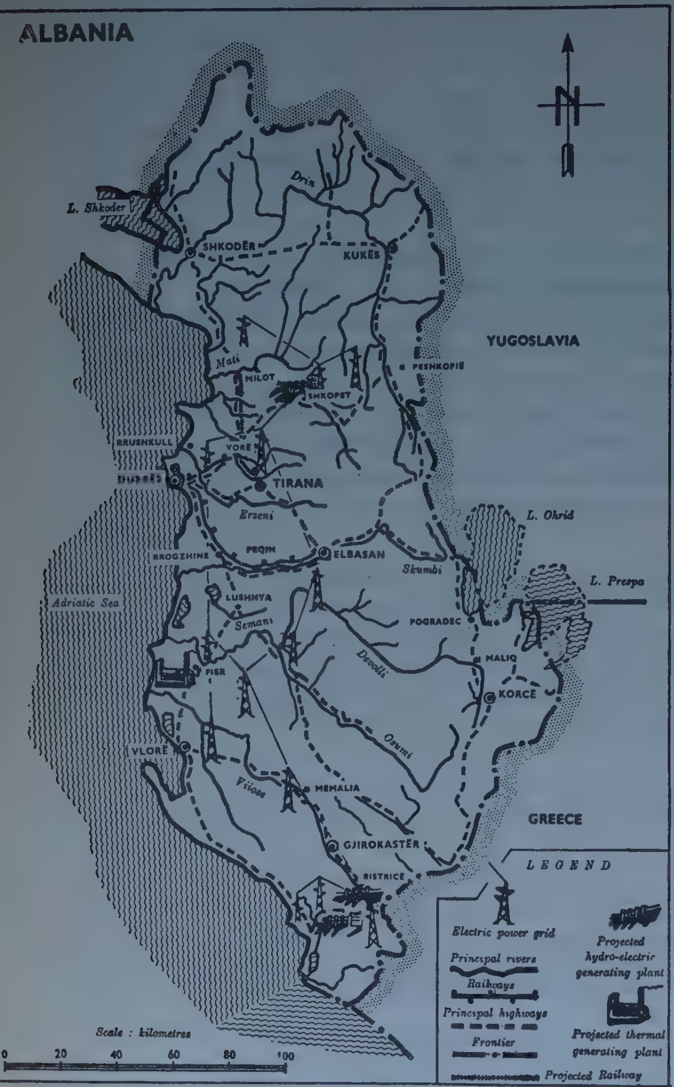
A. — ALBANIA

1. THE PRE-WAR ECONOMY

Pre-war Backwardness

Albania was the last state in Europe to achieve independence from the Ottoman Empire — in 1912; and it was then the most backward country of the continent. The first primary school had not opened until 1887 and the first teachers' training school until 1909; a common orthography was not adopted until 1908, when the Young Turk Revolution repealed the absolute ban on writing and printing in Albanian. The trade routes which crossed Illyria, and supported the classical Greek colonies on the coast, had long become part of archeological history and the littoral grain fields which fed Imperial Rome had sunk under malarious marsh. A primitive agriculture occupied the plains and valleys, semi-nomadic stock-breeding the highlands and simple handicrafts and petty trading the townships. In 1912 there were just seven roads, aggregating a mere 185 km. and disconnected, and only one substantial bridge, at Shkodër.

Map 1. — **Albania**



World War I engulfed the country before independence had any fundamental effect; and after the war the political unity and domestic order which are prerequisites for economic development were slow to come. Italian and Yugoslav intervention and tribal risings hindered the development of parliamentary government, and the feudal landowners entrenched under Ottoman rule staved off the drastic land reform proposed by the radical Prime Minister of 1924, the Orthodox Bishop Fan Noli. Supported by his clan, the Mati, and by foreign elements, Ahmed Bey Zogu dispossessed the Noli Government and ruled alone, as President and as King, for the fourteen years to the Italian invasion of 1939. During this period the threat to civil order — more from tribal vendetta than from the sporadic risings and strikes of the thirties — was reduced by the institution of an efficient gendarmerie, and by the enactment, in 1929, of a civil code; and the rudiments were laid of the infra-structure of a modern state.

The relatively few existing schools were nationalized in 1933, and a decree of the following year created a unified state-run educational system whereby 6- or 7-year primary education was made free and nominally compulsory: by 1938 one-third of the children of school age were attending school.[1] However, only 3,400 children were then in secondary schools, university education could only be obtained abroad (though some government scholarships were available for this) and in the 14 years to 1939 only 332,000 books were published. Thus the vast majority of the population was still illiterate when independence was again lost. Until the thirties few Albanians had even once in their lives been examined by a qualified physician, and malaria, endemic syphilis, tuberculosis, rabies, anthrax and typhoid took a heavy toll. In 1932 a start was made on a public health service; but in the entire inter-war period the number of physicians rose only from 55 to 155 and of dentists from 32 to 99, for a population which had topped the million. Ten hospitals providing eight beds per 10,000 population were set up; and in the decade from 1929 the Rockefeller Foundation financed a number of anti-malarial stations. In those ten years infantile mortality dropped from 170 to 100 per 1,000 live births, but the crude mortality rate stayed around 17 per mille. A census was taken in 1923, and a second in 1930, but these did no more than count heads and record adherence to Islam, Orthodoxy or Catholicism.

The building of an economic infra-structure began with the creation in 1926 of a central bank (Italian-controlled) and of a national currency; but the civil service remained underpaid and corrupt, and the fiscal system based chiefly on excise and crude tax-farming: no statistical services were set up and, although foreign trade data were published by the Ministry of Finance, the public accounts were unrevealed after 1931.

In 1926 also, an Italian-dominated corporation for public works was established, the *Società per lo Sviluppo Economico dell'Albania* (SVEA). During the war 250 km of military roads had been constructed,[2] but thereafter not a single road had been added until some 1,500 km were built between 1926 and 1939. However, save for that connecting the port of Durrës with the capital, Tirana, none of the roads was hard-surfaced. A standard-gauge railway between Durrës and Tirana was projected, though the work proceeded no further than the roadbed and culverts; but the port of Durrës was reconstructed, to a standard at which it became one of the best ports in the Adriatic. The development of this port primarily served Italo-Albanian trade; and the small port of Vlorë was used mainly as an outlet for bitumen and oil (through two pipelines) and had no cargo-handling equipment. Melioration work was undertaken in the swampy coastal plains but the 13 km Shrokë canal in the Qurës zone took from 1928 to 1936 to build, and the biggest project — the Kavajë canal — was not completed and, when finished off just after the Second World War, let in sea water instead of draining the marsh, so that the level of the bed had to be entirely relaid.

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[1] Between 1922 and 1938 the number of schools changed little — 548 and 649 respectively — but school attendance rose from 24,000 to 55,000. At the beginning of the period there was just one vocational school — an agricultural school at Lushnya (Société des Nations, *Rapport présenté par le Professeur A. Calmès à la suite de sa mission d'étude en Albanie*, Genève 1922).

[2] The *Calmès Report* (*op. cit.*) notes that, because of the primitive network of internal communications a number of products had to be shipped, at that time, from northern to southern Albania via Italy. Hides and skins were exported from the Shkodër region to Italy, whence they were partly re-exported to the Gjirokastër region; oil was transhipped in Italy on its way from Vlorë to Shkodër.

The melioration actually completed had very little effect on agricultural output, to which stock-breeding continued to contribute about half. Cultivation techniques remained extremely primitive except on an Italian concession at Sukth near Durrës, where some mechanization and improved methods were introduced. However, as the concession was farmed by Italian colonists and was in a customs-free zone — produce being exported directly to Italy from the tiny port of Rrushkull within the concessionary zone — this farm could hardly be considered part of the Albanian economy.

The agrarian reform of 1930 paradoxically perpetuated a low level of technique. It provided for a limit of ownership (40 hectares per owner plus 5 hectares for each wife and child) above which land would be transferred to tenants against compensation in shares of a new agricultural bank. But since the reform law was not implemented, being conceived chiefly as a political threat against anti-Zog beys, it served only to discourage the larger proprietors from improvements (about a quarter of the agricultural area was owned by 3 per cent of farm households).[3]

TABLE 1

Land and population in Albania

		1923	1938	1958
Agricultural area	Thousand ha	..	1 205	1 283
of which : Tilled land		c. 200 [a]	276	420
Plantations		..	16	29
Meadows		..	39	23
Grazing		..	873	810
Forest		..	1 385	1 323
Barren (including inland water)		..	285	267 [b]
Total population	Thousand	804	1 040	1 506
of which : Urban		128	160	429
Rural		676	880	1078

Source : Statistical Yearbook for 1959.

NOTE. — The post-war territorial area is 2,875,000 ha and differs only very slightly from the pre-war area: the 1923 area was larger by the inclusion of the monastery of Sveti Naum (ceded to Yugoslavia in 1925) and in both 1923 and 1938 the island of Sazan, off Vlorë, was under Italian occupation.

[a] 1912: for source see text.

[b] Of the reduction, 7,000 ha was due to the drainage of Lake Maliq, near Korçë.

The tilled area rose from about 200,000 hectares in 1912[4] to 276,000 hectares in 1938 but, by the latter date, comprised only 23 per cent of the agricultural land; and the rate of growth was about the same as that of the rural population. This is shown in Table 1, which provides a further indication of the slow development of the country between the wars, in the decline of the share of town-dwellers in the population. This was the consequence of an almost total failure to create any industry. Virtually the only substantial factory established was the Shkodër cement works, and manufacturing was confined to small-scale flour-milling, food-processing, cigarette-making and fellmongery. Small electricity plants were built, nearly all by Italian companies (Stanles, SITA and SESA), providing current for town lighting. Despite the considerable subsoil wealth, only coal, bitumen and oil were extracted — by Italian companies, which also held concessions for chrome and copper mining (but by 1938 only 7,000 tons of chrome ore and no copper were being produced).

About half of all exports in this period consisted of the entire output of chrome ore and crude oil (domestic demand for oil products being met by imports from Rumania by the Italian AGIP) and some timber; but the other 50 per cent or so were the produce of agriculture and fisheries (hides, wool, eggs, vegetables, olives — but very little olive oil — tobacco, livestock and fish). Exports, however, covered only a fraction of the import bill, about one-fifth of which consisted of food grains, sugar and coffee, about a quarter of textiles and the remainder of paper, machinery, chemicals, leather, metals and the oil products already mentioned. Between 1927 and 1939 the average annual value of imports was 24.9 million francs,[5] and of exports 9.0 million. The trade deficit was met partly by emigrants' remittances and some tourist receipts, but mostly by Italian loans. Two-thirds of Albania's exports went regularly to Italy, and imports thence accounted for proportions ranging between one-quarter and one-half of the total.

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[3] Grazing land is excluded from the calculation of agricultural area. The land distribution quoted, revealed by the 1945 agrarian reform, included 14,554 hectares owned by seven families. Some reduction of the size of such *latifundia* during the inter-war period might, however, be indicated by data for 1912 which showed that two families (the Vlora around Vlorë and the Vrioni in the Myzeq plain) owned 60,000 hectares each and the Toptani in the Durrës area owned 50,000 hectares; state land then comprised 125,000 hectares whereas at the time of the 1945 reform it covered 50,000 hectares (from L. Thallóczy, *Illyrisch-Albanische Forschungen*, No. II, Múnich, 1916, p. 3, cited by R. Schwanke, *Österreichische Ost-Hefte*, No. 1, 1960, p. 48).

[4] Thallóczy, *loc. cit.*

[5] An Albanian franc was equal to a Swiss franc.

In April 1939, Albania was occupied by Italian armed forces and the country incorporated into an economic and political union with Italy.

The Italian and German Occupations of 1939 to 1944

Already, as a result of League of Nations sanctions impeding Italian oil supplies, the Italian companies in Albania had stepped up their output — to 108,000 tons in 1938 (18 times the 1935 level); and military needs during the war raised the extraction rate to a peak, in 1942, over double that of 1938. Under the German occupation (1943-1944) the first — temporary — refinery capacity was set up at the Kuçovo oilfields, but was damaged by the Germans when they retreated. During the occupation, natural gas from these fields also began to be exploited, and coal output (mostly lignite) was enlarged, both for domestic heating and for bunkering at Durrës. Chrome ore extraction reached a peak in 1942 of seven times the 1938 level and the insignificant pre-war output of copper ore was enlarged and a smelter set up. Previously untouched deposits of iron ore began to be worked, though the few shafts sunk were abandoned in 1943, and some manganese deposits were also opened up.

The only processing capacity set up by Italian concerns during the occupation was the small copper smelter just mentioned. Otherwise, industrial expansion was deliberately renounced. In 1956 prices, mining output rose by 52 million leks between 1938 and 1946 and food processing by 960 million leks — a combined increment of over 1 billion leks — while global industrial output rose only by 746 million leks. The declines which took place in other industries were chiefly in output of manufactured consumers' goods, wood- and metal-working, building-materials production and electricity generation.[6]

The Italian authorities had begun their administration with the publication of ambitious land-reclamation projects — to improve 200,000 hectares of land at a cost of 1.2 billion lire ($63 million). But very little of this work was executed, and the sown area in 1945 was precisely the same as in 1938 (242,000 hectares).[7] The Italian-sponsored government had, however, encouraged the introduction of early ripening varieties of wheat from Italy to extend double-cropping, and — to a small extent — of cotton as a source of supply for the Italian textile industry.[8] The only significant change in the pattern of sowings in 1945 as compared with 1938 was a replacement of oats by maize. Draught power was still predominantly supplied by the ox and there were only about a dozen tractors in the country, most of them in the Italian concession at Sukth (from which the Italian colonists were repatriated in 1945). The slaughter of 72,000 head of livestock by partisans for food, and the German requisitions, had depleted fat-stock numbers by one-third.[9]

The one sector of the economy in which the occupying powers had stimulated a substantial advance was, unfortunately, the one to suffer the greatest proportionate damage during the war. An Italian agency (ASA) was set up with an ambitious road- and bridge-building programme, including the rebuilding of 1,200 km of road, or about half the network existing at the time of occupation; but war operations prevented anything like completion of this programme though many roads were asphalted and new bridges built. Even though the network was not much extended it was made more usable for heavy traffic; and although the improvements were designed primarily with military needs in mind, they were of potential benefit to the economy, particularly since the absence of railways enforced dependence on lorry transport.[10] However, besides damage to the roads themselves, the war caused the demolition of 48 bridges.

A few public buildings — notably a maternity hospital, an hotel and an administrative office block — were built in Tirana during the occupation; but the net result of the war was a serious reduction in the stock of social capital: 61,000 buildings of all types were destroyed, of which 35,388 were dwellings.

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[6] The 1946 output figures are not truly representative of capacity (for example, the Shkodër Cement Works ceased activity between September 1945 and June 1946 because of a total lack of anthracite while 160 cotton looms were idle in mid-1946 for lack of yarn) but the deduction to be drawn from a comparison with 1938 output is probably correct: development during the occupation was of primary production, including farm output. The higher level of food processing in 1946 than in 1938 was due, however, to the milling and baking of UNRRA grain supplies in the later year and to smaller increases in vegetable oil refining, tobacco manufacture and Italian-type foodstuffs (macaroni and salami), rather than to an enlargement of farm output (see *Economic Rehabilitation in Albania*, Operational Analysis Papers, No. 46, UNRRA, 1947, pp. 24-25, and *Final Operational Report*, UNRRA 1948).

[7] 1945 is the only year of the forties for which official data are available. The area sown in 1945 was rather lower than usual for those years, since men were still with the armies, though it was the tradition for women to do much of this work.

[8] The UNRRA *Operational Analysis Paper*, *op. cit.*, p. 13, reports that an Italian survey envisaged the eventual allocation of 100,000 hectares for cotton; the peak sowing — in 1942 — was a mere 400 hectares.

[9] K. Theodosi, Deputy Chairman of the Council of Ministers and Chairman of the Planning Commission, *Voprosy ekonomiki*, No. 11, 1959.

[10] However, work started on a railway line from Durrës to Elbasan via Peqin, in connexion with the project, noted above, to develop iron ore at Pogradec and the further improvement of Durrës port.

2. THE TRANSITION 1944 TO 1950

Post-war Institutional Reform

Immediately after Liberation (November 1944) the new government of Mr. Enver Hoxha, stemming from the local and central authorities set up by the war-time resistance forces, embarked upon the programme of constitutional and economic reform for which plans had already been made.[11] Property owned by German and Italian nationals was confiscated and the National Bank nationalized; and, since virtually all foreign capital had been Italian, this was tantamount to a nationalization of all foreign enterprises. The seizure of the property of war-time collaborators, *émigrés*, etc. brought most other firms of any size into state ownership, and a co-operative movement was rapidly fostered among artisans. In 1946, 53.5 per cent of gross industrial output already originated in the state sector, 30.6 per cent in the co-operative sector and a mere 15.9 per cent in the private sector. The trend continued, and for the past decade the private — handicraft — sector has been of the order only of 2 per cent, two-thirds of its output coming from three (but not the three largest) towns — Tirana, Korçë and Elbasan. The 1946 Constitution nationalized subsoil, water and forest resources. A state monopoly of domestic wholesaling and of foreign trading was declared in 1946, but the private sector remained important in retailing: in that year retail turnover in state shops amounted to 17.5 per cent of the total, private trade to 37.0 per cent and sales on farm markets to 41.7 per cent; a few co-operative stores were opened but their share was then 3.9 per cent.[12]

Rationing, which was to last until 1957, was introduced in the capital in May 1945 and gradually extended throughout the country. At the beginning, rations were only of the two main imported foodstuffs — grain and sugar (from the Soviet Union, UNRRA and Yugoslavia) — but later embraced a wide range of home-produced and imported foods and consumers' manufactures.[13] The initially restricted coverage of rationing, the general powers of state direction over all commercial enterprises (decree of 15 December 1944) and price control put an early stop to black-market activities.[14] The invalidation in 1945 of bank-notes not bearing a special government stamp was aimed chiefly at demonetizing foreign-held balances and was accompanied by a decree prohibiting the import or export of bank-notes and by the declaration of a State Bank monopsony for foreign exchange. A currency reform directed at domestic balances was effected in July 1946, at a one-to-five exchange up to the fairly low limit of 5,000 old leks (two to three times the average monthly wage).[15] An emergency tax was levied in 1945 on " war-profits " and a new system of direct taxation introduced.

An agrarian reform was introduced in 1945 and completed by 1946, when the first co-operative farm was created. Collectivization did not, however, assume major proportions until 1955 and the effect of the reform was to confiscate 8,714 farms and break up 10,641 others (out of a total of 133,681 holdings), and to re-distribute 172,659 hectares out of a total of 393,355 hectares subject to review. 5,923 head of working livestock were redistributed to peasants, but of the 474,227 olive trees confiscated, 235,500 were allocated as state property. The reform was accompanied by regulations on the procurement of farm produce which provided a substantial measure of central control over farming operations.

By 1947, therefore, the Albanian Government was in a position directly to control a major part of domestic production and distribution and all foreign trade and payments. Its external relations were, however, subject to an economic union with Yugoslavia: although the union was not formalized until 1947, there had been no customs frontier between the two countries since the Liberation and annual trade agreements were expressions of joint plans rather than protocols on commercial exchanges. Yugoslav technicians and capital goods entered Albania on a substantial scale, and Albanian exports (about a quarter of which were intended for resale) were shipped exclusively to Yugoslavia. Such co-operation was facilitated by the adoption of a similar management model — that of the Soviet Union — in the two countries. As early as January 1945 the Albanian Government created an

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[11] See Nesti Nase, *15 let Narodnoi Respubliki Albanii*, Moscow 1959. The new Constitution, proclaiming Albania a People's Republic, was enacted in January 1946.

[12] This break-down diminishes somewhat the real importance of the state network since trade is valued at current prices and rations were distributed (at lower than average prices) more by state than by other shops — and not at all on farm markets.

[13] Manufactured consumers' goods were the last to be rationed (and the first to be de-rationed), because stocks of Italian goods had been built up during the war and the authorities moved with rapidity in decreeing (15 December 1944) the registration and blocking of consumer-goods stocks. The fact that they remained unrationed while similar goods were rationed in Yugoslavia caused some difficulties during the period of virtual economic union of the two countries.

[14] The UNRRA *Operational Analysis Paper* already mentioned observes (p. 37) the " creditable achievement " that " by the time the UNRRA Mission arrived in the country in August 1945 the black market had already disappeared and the prices of all essential commodities, such as grain, flour, bread, meat and cloth were already controlled and the controls enforced."

[15] A second revaluation, making the lek (the traditional term for one-fifth of a franc) the official unit and bringing it into parity with the Yugoslav dinar, was carried out in July 1947 as part of the economic union with that country, but the exchange of notes was unrestricted on that occasion.

Economic Council, one of whose functions was to prepare an economic plan, and a Planning Commission which was to advise the Council on such planning. In August 1946 the State Planning Commission was made an independent agency directly subordinate to the Council of Ministers and each local authority was required to set up its own plan offices, which would have direct relations with the central Planning Commission.

The Period of Short-term Planning

The first formal economic plan for Albania was a nine-month plan for April-December 1947 and was essentially a set of investment allocations for development projects. Of the 1,539 million leks investment total (of which 1,317 million for fixed capital) rather over a quarter was earmarked for industry and mining, and a major share was allotted to the completion of the country's first standard-gauge railway (Durrës-Peqin).[16] The plan for the year 1948 not only provided for capitalal locations, but set key output targets in conjunction with those allocations; and production goals were fixed for copper, bitumen, oil, coal, clothing, building materials and electricity. The Two-year Plan, 1949-1950, was more complex: its investment allocations were more detailed, the number of production targets was extended [17] and plans for crop areas and yields were defined, and in principle enforced, by local government organs. This system of sowing plans, and of livestock delivery quotas established per household irrespective of actual animal ownership, was to persist until 1955.

The period to 1950, when the first long-term (five-year) plan was drawn up, was thus one of a gradual extension of the scope of short-term programming on the basis of simple administrative directives supported by physical allocation of investment goods (virtually all of which, building materials apart, were imported on government account) and by rationing of consumers' goods. It was possible to rely uniquely on output directives since the significant non-farm enterprises were not only very few, but also centrally run (76 per cent of industrial output originated in State enterprises in 1950 and the 21 per cent from co-operatives was under the jurisdiction of a Central Artisan Co-operative Union). In agriculture, these conditions were not present: 94 per cent of gross output came, in 1950, from individual peasant properties averaging only 2.8 hectares apiece;[18] there were a score of state farms, which averaged 350 hectares of sown area, and 90 collectives with a mean of 109 hectares of sown area.[19]

The dictation of sown areas may have contributed to the enlargement of the total that took place in this period (from 237,100 hectares in 1945 to 341,325 hectares in 1950 — and then to 422,732 hectares in 1955) but the main contributors were probably the impetus given by the agrarian reform and investment in land melioration (discussed further below). The attempt at central direction of stock-breeding, however, was not only a failure but even held back the development of this branch. In the agricultural years 1949/50 and 1954/55 the gross output of livestock produce was almost exactly the same as in 1937/38 — just over 6 billion leks at 1956 prices — whereas gross crop output was 9 billion leks in 1949/50 and over 14 billion leks in 1954/55, that is more than double the 1937/38 output (under 7 billion leks).

Investment activity in the six years between Liberation and the start of the first long-term plan was directed at the restoration and extension of the transport and communications network. The two railways from Durrës to Tirana and to Elbasan were built and also two new motor roads, that from Kukës to Peshkopi being the most important and completing a north-south link paralleling the eastern frontier.[20] Bridge reconstruction was very rapid, but usually wooden sections replaced the concrete spans destroyed; and a substantial volume of work still needs to be done to rebuild permanently, or to widen, narrow bridges (for example, over the Shkumbin at Rrogozhine) which are beginning to be bottlenecks for an economy heavily dependent on lorry transport. The proportion of state investment devoted to transport and communications was 49 per cent in 1945, but it had fallen to 25½ per cent by 1950, when investment in industry — negligible in 1945 — had risen to 50 per cent of the total. The industrial investment of the intervening period had been concentrated on four enterprises, the " Stalin " Textile Combine at Tirana, the " Lenin " hydro-electric station in the hills above the capital, a tobacco fermentation plant at Shkodër and a sugar refinery at Maliq, near Korçë.

The latter plant was established in conjunction with a reclamation project which, at the beginning of this period, drained Lake Maliq, and introduced sugar-beet to the country.[21] This was in fact a period of substantial agricultural projects. The largest of these — the Kavajë canal, whose unfortunate irregularity has already been mentioned — was regraded; and others included the Jubës, Naum Pançi and Penkovë canals. Little of this outlay appeared in the state investment statistics (state investment in agriculture tripled in the period but declined, as a percentage of the total, from 21.3 in 1945 to 9.8 in 1950), since much of the work was furnished by peasants without payment and, of course, all the capital expenditure of farms other than state farms is excluded from these returns.

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[16] Later extended to Elbasan; work was also in progress on the Durrës-Tirana line, which came into use the following year.

[17] Gross output goals were set for the mineral, textiles, food processing, fellmongering, footwear, rubber, electricity, building materials and timber industries and physical goals for oil, bitumen, copper, chrome and coal (B. Bardhoshi, *Ekonomia popullore*, No. 6, 1959).

[18] A process of consolidation following the agrarian reform of 1945 had greatly reduced the dispersion about the average. The few holdings exceeding 10 hectares had all but disappeared (and represented 1.5 per cent of the total number) and dwarf holdings below one hectare had declined from 41 per cent to 27 per cent.

[19] These data, aggregated from individual crop statistics, include double-croppings but may exclude minor crops not listed. Arable land per collective farm in 1950 was 212 hectares.

[20] Previously the only north-south road had been the coast road.

Factor Improvement by 1950

In concentrating its first investment efforts upon communications and land melioration, the Albanian Government was undoubtedly making the wisest choice from the point of view of both factor supply and capital requirements. Albania at the end of the war was a typical under-developed — or even undeveloped — economy, with land and labour as virtually its only factors of production. As is shown by the data in Table 1, only one-tenth of the territory was then tilled and subsequently this share has little short of doubled; and, so far as labour was concerned, the country was still at a relatively early stage of the demographic cycle. The birth rate, which was 35 per mille in 1938 had been depressed to 27 in 1946 (when death rates were back to the pre-war level) but war losses had not been as severe as in some other countries of Europe (7 per cent of the population had suffered some injury, fatal or otherwise). By 1950 the birth rate had exceeded that of pre-war — subsequently reaching a peak of 44 per mille in 1955 — and non-infantile death rates fell somewhat, in response to rapidly extending medical services and to improvements in environmental sanitation, etc.[22] The strategy of planning the new medical services of the postwar period may have been geared to improving the working population in number and quality rather than to an indiscriminate reduction of mortality and morbidity in all age groups. Certainly this seems to have been the result, to be judged from the divergent rates of the general and the infantile mortality rates until 1950 and from the direction of special campaigns to reduce morbidity towards adults before that time and towards children subsequently.[23] After 1950 infantile mortality joined the decline in the crude mortality rate, which reached the extremely low figure of 9 per mille in 1958.

The supply of the third factor of production — capital —was interrupted by the political break with Yugoslavia in 1948 and the consequent disruption not only of the economic union but of all economic relations. Even short-term commercial credits were ruled out by the concurrent Albanian decision to eliminate all trade with western markets. Albania had hence to rely on capital flows from its chosen partners — the Soviet Union and eastern Europe (overwhelmingly from the former) — and in 1950 imports were 3½ times the value of exports.

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[21] The area sown to beet — mostly in this region — rose from nothing to 1,350 hectares in 1950 and was raised to 5,500 hectares under the First Five-year Plan, from which it has not been further extended.

[22] Against the 13 hospitals existing at the end of the war there were 67 in 1950 (and 124 in 1958). The one maternity home established during the war remained unique in 1950, but 37 small natal-care centres had been created. However, the effects of these services were not reflected in reductions in high infantile mortality until after 1950. Tirana and Durrës received piped water supplies for the first time, on the completion of the "Lenin" hydro-electric dam and reservoir just mentioned. Swamp drainage reduced morbidity from malaria.

[23] See *L'Albanie nouvelle*, No. 3, 1959, p. 11. Children's allowances were introduced in 1957 and maternity benefits substantially increased in 1958.

3. THE YEARS OF LONG-TERM PLANNING

The Nature of Planning

Although the First Five-year Plan (1951-1955) did not become law until mid-1952,[24] it had been in force from the start of the preceding year, and the administrative and technical measures needed for a more refined system of planning and control had been gradually introduced during the operation of the preceding two-year plan. The first step — the introduction of the Soviet cost accounting system (*khozraschet*) — had been taken in 1947 and accounting control through the State Bank (which became the compulsory medium of transactions between enterprises) was established in 1948. The establishment of a savings bank in 1949 began to channel private funds also through the banking system instead of into money hoards, the sudden disbursements of which can be a significant threat to household expenditure planning. As in the other countries of eastern Europe about that time, the pre-war fiscal system was abolished in 1949 and replaced by the Soviet model. Indirect taxes were compounded into a turnover tax, direct taxes were reduced to small proportions and state enterprises made direct contributions to the Treasury in the form of deductions from profits, retaining only that share authorized for self-financed investment and other purposes. The Ministry of Finance, from then onwards, had the power to determine the investment activity of each state enterprise and, through the state bank, to oversee its current activity. However, it did not, either by itself or with the State Planning Commission, seek to relate its powers to macro-economic outlays. A money balance of the income and expenditure of households was not drawn up until 1956 and, although national product by origin began to be computed in that year also (for 1955 and in summary retrospect for 1938 and 1950 [25]), no " income-by-use " tabulation is made.[26]

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[24] Published in *Bashkimi*, 3 June 1952.

The First Five-year Plan was drawn up primarily in the form of a set of material balances for a restricted number of major commodities. The number of economic units providing supplies or having requirements in these balances is, even in mid-1960, not much over one hundred — 80 industrial enterprises subordinated to Republican authorities, 20 large state farms, 27 executive committees of districts (*rrethi*) which have planning authority over all other productive enterprises including collective farms, and half a dozen central agencies running foreign trade, artisan co-operatives, trade co-operatives and transport. The Planning Commission was able, therefore, to be in such intimate touch with the supplying and consuming units that it could draw up inputs and outputs in physical units without much concern for prices, indicators of capacity or input-utilization or other elements required for control in a more complex economy. In the light of the production and investment plan, the Ministry of Finance is able to elaborate the financial balances of the planned units (for " Republican " enterprises through the relevant ministry,[27] and for others through the *rrethi*). The maintenance of consumer rationing until 1957 was the complement to this form of direct material planning.

No direction of labour was at any time exercised, except that (by a law of 1949) adults between 18 and 45 years of age may be required to give time to road construction and repair work in their district and (by a decree of 1957) all non-manual workers are ordered to work one month each year in some manual occupation. Neither of these measures is really a plan instrument; and in fact, by letting money wages rise during the early fifties while keeping fairly high farm-procurement quotas but low prices, and by confining ration cards to those in paid employment (and their dependants), it was possible to attract as much labour as required from agriculture into the expanding industries and services. Indeed the drift to the towns was at one time — after the cut in the investment programme of 1953 — in excess of needs, and the First Secretary of the Albanian Workers' Party complained of the " thousands of Tirana citizens who are idle for one reason or another " and should return to farming.[28] The skill pattern required by the long-term plan was transmitted through factory training schemes or the education system. By 1955 illiteracy was reported to have been eliminated among adults under 40 years of age, and this by itself has immensely increased the mobility of labour as well as the capacity to absorb skills and higher education. It is significant in this connexion that of the 2.6 million books published in 1958 (against 183,000 in 1938), 1.2 million were textbooks. The University of Tirana was created in 1957, with 2,000 students or 15 per cent more than in its constituent colleges, and there are now 3,300 students at the higher educational level, of whom 600 are women. Meanwhile considerable numbers of engineers, agronomists, administrators etc. have received — and continue to receive — professional education in the universities and vocational and technical training schools of the other eastern European countries and the Soviet Union.

The First Five-year Plan

The First Five-year Plan was drawn up at a time when other countries of eastern Europe were not only planning self-sufficiency in many producers' goods but were revising their plans for heavy industry still further upward. Albania shared this attitude; but by 1953 the investment targets were shown to represent an excessive strain. Projects for a steel smelter and a paper mill were then removed from the Plan and others — for example, the Cerrik Oil Refinery and the " Enver " (now " Karl Marx ") Hydro-Electric Plant on the River Mati — were postponed for completion under the Second Five-Year Plan. The 1953 review also revealed that fuel supplies had not expanded as fast as required, and produced a shift of emphasis towards oil production. Of the 50 major investment projects started under the plan, 31 were completed during the plan period (including 11 factories, one large hydro-electric station and 11 land melioration schemes).

A reassessment of progress towards the agricultural targets of the plan was also made in 1953 and a number of controls were relaxed. In September grain delivery quotas were abolished in the mountain zones and those for the other five zones were cut by half. Wool and meat delivery quotas were similarly halved, as were olive quotas for peasants owning 10 or fewer olive trees; and peasants without livestock were exempted from meat or wool deliveries. These concessions were intended to increase incentives, since the balances of output so released could be sold at the higher farm-market prices. However, state procurement prices themselves were not increased until January 1955 [29] and, as already noted, the central planning of crop patterns was not abandoned until August of that year.

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[25] These retrospective computations yielded the indices published in the Albanian statistical yearbooks but were insufficiently detailed for disaggregation in the manner of the series published for 1955 and subsequent years.

[26] Given the consumption by households provided by the existing accounts and the long-established state-investment series, the components lacking for a simple division of national income by consumption and accumulation are social consumption, fixed co-operative and private investment and stock change.

[27] Currently the Ministries of Industry, of Mining and Geology, of Construction and of Trade.

[28] Speech to the IV Congress of the Albanian Women's Union, October 1955.

The new system then introduced still prevails. The farmer — today nearly always the collective farm — chooses an annual sowing pattern, and procurement quotas (in quintals per hectare sown) are levied on a prearranged scale (that for 1956 is still ruling) for each of six zones. Only in the case of three crops needed as inputs to industry — cotton, tobacco and sugar-beet — are central plans laid down; but as the bulk of these crops are (and, tobacco excepted, always have been) grown by collective and state farms, the number of units to whom directives have to be given [30] is small.

The production results of the First Five-year Plan were below the original expectations — largely because the ambitions of 1951-1952 had to be modified in 1953 — but the increases were nevertheless substantial:

	1950 *Actual*	1955 *Actual*	1955 *Plan*
	(Index numbers 1950 = 100)		
Gross industrial output . . .	100	274	339
Food processing	100	200	600
Light industry	100	760	980
	(Million kWh)		
Electricity generated	21	85	121
	(Thousand tons)		
Crude oil	131.8	208.1	263.0
Coal, mainly brown coal . . .	40.9	194.6	250.0
Chrome ore	52.2	122.1	120.0
Cement	15.9	44.6	58.0
	(Thousand cu.m.)		
Sawnwood	51.5	106.6	82.0

Albania being a net fuel exporter (from 1950 to 1955 its exports of crude oil rose from 67,200 to 123,700 tons and its coke imports rose only from 2,203 to 4,700 tons), the shortfall of domestic energy output was one brake on the planned industrial expansion; but output of the main export product — chrome ore — somewhat exceeded its goal. Since the chief element in the 1953 plan revision had been a cut in investment, the fulfilment of the original plan for building-materials output was not to be expected. However, the increases in production of cement and timber were nevertheless very large, and production was started, as planned, of timber products never before made in the country (impregnated timber, plywood and veneer). All the individual output targets in the food-processing branch (beer excepted) were underfulfilled.

The food-processing and light industries were held back from the plan goals by the slow progress of agriculture, as very few imports of raw farm produce were made, although the construction cut was a bigger obstacle to achievement of the food industry's targets. Gross farm output was intended to rise 71 per cent over the five years, but in fact rose by 37 per cent, due almost entirely to an expansion of crop production on an expanded sown area,[31] since livestock output increased by only 10.5 per cent (see Table 2) concurrently with a general under-fulfilment of the livestock targets. The modest increase in the numbers of horses, mules and asses was consistent with a rise in the tractor-park by 892 machines (whereas imports of only 675 had been planned for the period) and the combined draught power available to agriculture rose by 40 per cent, within which the share of mechanical equipment rose from 10.9 per cent to 38.8 per cent. The slow expansion of cattle and sheep numbers was more serious, and the faster than planned increase in flocks of goats could well be regarded as unfortunate given the ill effects of this voracious creature on forests and grazings in the mountain regions.[32] However, the plan for livestock numbers in 1965 (see Table 2) suggests that no attempt is to be made to prevent a further increase in flocks of goats by that date.

The short-fall on the original plan for construction caused by the downward revision of 1953 cannot be exactly gauged since the Plan Law set a target only for the Ministry of Construction. The data in Table 3 show that the cut-back affected mainly industrial projects and social construction, with melioration works suffering less and housebuilding continuing to expand. The main revision in other sectors was the abandonment of the 90-km railway between the Memalia coal-field and the port of Vlorë — a project which has not since been revived, almost certainly because the striking of rich oil deposits in 1957 fundamentally altered the fuel supply pattern.

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[29] Olives, the prices of which were raised in 1953, excepted.

[30] Through the district executive committee, since the Ministry of Agriculture or the State Planning Commission provide plans for the districts only.

[31] The Plan Law called for an increase in the sown area from 330,000 hectares to 385,000 between 1950 and 1955. A summation of data by crops, which includes land double cropped, indicates a rise in the total from 341,000 hectares to 423,000.

[32] 673,000, or 61 per cent, of the 1,095,000 goats in 1958 were in administrative districts situated in mountain zones.

TABLE 2

Livestock numbers in Albania

Thousands of head

	1938	1950	1955 Plan	1955 Actual	1958	1960 Expected	1965 Plan [a]
Equines	109.4	117.3	123	115.3	118.4	115	..
Cattle	391.2	419.2	449	421.8	422.5	431	ca. 535
Buffalo	21.5	15.1	16.5	11.1	8.3	..	..
Sheep	1 573.9	1 707.0	1 844	1 734.3	1 661.9	1 900	ca. 2 250
Goats	932.3	830.2	847	1 014.1	1 095.1	1 370	ca. 1 550
Pigs	15.3	46.7	127	85.9	108.5	110	ca. 160
Poultry	1 037.2	660.1	1 716	1 201.3	1 429.5	2 000	ca. 3 350

Sources: 1938-1958 actual — *Statistical Yearbook for 1959*, pp. 126-127; 1955 Plan — *Bashkimi*, 2 June 1952; 1960 expected — direct communication from Albanian Ministry of Agriculture.

[a] Based on percentage increases over the 1960 level given in the draft directives for the Third Five-year Plan for cows, sheep, she-goats, sows and poultry, viz: 24, 18, 14, 43 and 67 (*Zëri i popullit*, 23 October 1960).

The Second Five-year Plan

The Second Five-year Plan (1956-1960) as originally conceived reflected the more cautious policies induced by the need to revise its predecessor; but it too was substantially revised in mid-course — on this occasion in the direction of faster expansion. Its aim to develop Albania " in full harmony with other socialist countries " implied priority development of the extractive industries, primary-processing capacity being extended *pari passu* with mineral output, while manufacturing was to be extended initially by the fuller exploitation of existing potential and subsequently to the extent that domestic raw materials were available. The original plan aimed, significantly, at eliminating the balance-of-trade deficit by 1960; and the two main factors influencing the revision of February 1958 were, first, the Soviet cancellation of outstanding Albanian debts and grant of a further loan and, secondly, the opening up of a new and extensive oilfield, which altered both output and export prospects.

The results obtained by mid-1960 are sufficient to show that the targets for industrial output and construction laid down in the original plan will be substantially exceeded, but that the higher revised targets will not have been reached except for state investment. The summary conclusion to be drawn is that the marginal capital to output ratios both of the original and of the revised plan have, in the event, been exceeded.

TABLE 3

Distribution of construction work by state enterprises in Albania

Millions of leks at 1958 prices

	Total	Industrial works	Melioration	Social construction	House-building
1938	154	..	..	..	..
1946	502	21	115	83	19
1950	1 435	452	104	85	120
1953	3 533	1 162	462	313	476
1954	2 386	625	269	148	542
1955	3 158	982	367	155	587
1957	3 732	1 334	353	232	521
1958	4 722	1 002	727	356	925

Source: Statistical Yearbook for 1959, p. 143.

The annual plan for 1960 set a target for gross industrial output 2.2 times the level of 1955 (see Table 4), and the result expected in October was 2.13 times the 1955 level. This achievement compares with a rather more than 90 per cent rise foreseen in the original Five-year Plan, and later revised to 2.3 times the 1955 level. The pattern of output expected in 1960 shows the over-fulfilment of the original targets to be concentrated in the producer-goods sector — a 147 per cent increment over the 1955 level against a planned 99 per cent — whereas the actual increment of consumer-goods output of 90 per cent is little different from the planned 88 per cent. Neither the draft directives of the Third Five-year Plan,[33] which provided the above data, nor the 1960 half-yearly plan fulfilment report give detailed industrial breakdown; but the computations in Table 5 show that the over-fulfilments of the original Five-year Plan targets will be in the oil industry, electricity generation, and the copper, timber and light industries. The expectations for 1960 published in the Third Five-year Plan directives in October indicated an excess over the 1960 goals as revised in February 1958 of 47 per cent in iron-nickel mining, 10 per cent in electricity generation, 2 per cent in chrome mining and 1 per cent in the timber industry, and exact attainment of these goals in the building-materials and light industries. The oil, glass and ceramics and food industries did not reach their revised goals.[34]

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[33] Published in *Zëri i popullit*, 11 October 1960.

[34] The reader should refer to Chapter II for additional data which may have become available since this text was sent to press.

TABLE 4

Summary indicators of components of Albanian national product and its distribution during the second Five-year Plan

	1955 Actual	1959 Actual	1960 Annual plan	1960, Five-year Plan target Original	1960, Five-year Plan target Revised
Gross industrial output (in millions of leks at 1956 prices)	15 900 [a]	31 180	34 214 [f]	30 849	36 000
Gross agricultural output (in millions of leks at 1956 prices)	20 950	25 904	31 100	31 491	37 000
National income (index number 1955 = 100 at 1956 prices)	100	143 [b]	173	153	173
Investment by the State (in millions of leks at 1958 prices)	5 158	12 210	12 440	..	11 197
Real wages (index number 1955 = 100)	100	129 [c]	135	125	135
Real income of peasants (index number 1955 = 100) . . .	100	111 [d]	140 [e]	138	140

Sources : Statistical yearbooks; plans and plan fulfilment report for 1959; P. Dode, *Zëri i popullit*, 16 July 1960.

[a] Provisionally estimated at 16,152 when the Plan Directives were established. The Five-year Plan increase, published as 91 per cent, was thus actually to be 94 per cent.

[b] Given by Dode; a provisional figure of 147 was implied by the statement in the 1960 Plan that the 1960 goal was 73 per cent over 1955 and 18 per cent over 1959. Presumably the planned increment would now read 21 per cent.

[c] Given by Dode. The provisional figure at the time of the promulgation of the 1960 Plan was 127.

[d] 1958.

[e] To be 140 by end of year (i.e., including income from 1960 crop).

[f] The expected result for 1960 announced in October was 33,900 (*Zëri popullit*, 11 October 1960).

Agricultural output fared less well than industrial production under the Second Five-year Plan. The 1960 annual plan provided for gross agricultural output 11 per cent above the original Five-year Plan goal, but 5 per cent below the revised target set in February 1958, and 35 per cent [35] above the level in 1959, when fairly good yields were obtained (despite poor weather at harvest time) and the first substantial move made out of the stagnation of farm output which had prevailed since 1955.

Gross agricultural output

Billions of leks at 1956 prices

	Total	*Crop*	*Animal*
1954/55	20.95	14.31	6.64
1955/56	20.28	13.25	7.03
1956/57	22.66	15.72	6.93
1957/58	20.71	13.25	7.46
1958/59	25.90	..	..

Sources: As for Table 4.

The heavy rains of February to April have made the unreality of the 1960 annual plan even greater, though the 11 per cent increase in the sown area may offset the decline in crop yields, and the larger animal

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[35] Originally formulated in the 1960 annual plan as 33 per cent before final data on the 1959 output were complete.

TABLE 5

Index numbers of gross industrial product in Albania by branches

	1958 Actual		1959 Actual	1960 Expected	1960 Original Plan	1965 Plan
	1938=1	1955 = 100				1960=100
Oil	*15.6*	297	331	467	319	134
Coal	*71.4*	133	148	156	152	164
Chrome	*29.2*	167	207	238	246	140
Copper	*12.6*	200	232	..	158	197
Electricity	*17.6*	175	208	241	182	187
Engineering	*14.4*	162	194	..	263	184
Building materials . . .	*19.1*	130	..	..	268	184
Timber and woodworking	*47.2*	161	172 [a]	194	178	145
Consumers' manufactured goods	*19.7*	186	214 [b]	..	207	156
Food processing	*16.5*	145	178	..	194	133

Sources : 1958 from *Statistical Yearbook for 1959*, pp. 66-69; 1959 from index numbers in *Bashkimi*, 31 January 1960; 1960 Expected from half-year results for representative products at an annual rate (no 1960 branch plan being published) from *ibid.*, 28 July 1960; 1960 Plan from Mr. Shehu's Report to the III Party Congress, p. 10; 1965 Plan from *Zëri i popullit*, 11 October 1960.

[a] Increase 1958 to 1959 assumed to be that of sawnwood.

[b] Estimated from component increases of textiles, clothing and leather-working industries.

TABLE 6

Melioration work in Albania 1945-1960

	1945-1950	1951-1955	1956-1960
Volume of earth moved (million cu.m.)	4.9	8.0	30.4
New land obtained (thousand ha)	2.3	5.2	17.0
Land meliorated (thousand ha)	23.3	30.4	38.3

Source : Direct communication from the Ministry of Agriculture. The 1960 figures include expected completions by the end of the year.

numbers (see Table 2) may be fattened on the carry-over from the good 1959 crop. Gross output is likely to remain at about that year's level, implying attainment of no more than half the increase over the five years originally planned. The only official estimates for 1960 so far available are of milk output (46 per cent greater than in 1955), egg production (61 per cent higher) and the wool clip (65 per cent greater).[36] The preamble to the Third Five-year Plan stated that the average level of gross output during the Second Plan period was 28.7 per cent above that of the preceding five years: and the main contributor to this rather modest increment seems to have been the improvement in animal production in the last two years, following the launching of a special plan for this sector in November 1958.

The slow progress of farm output contrasts with the substantial inputs that have been made to that sector. By 1960 there were 2,444 tractors in the fields, against 1,195 in 1956, and 1,678 agricultural specialists working within the purview of the Ministry of Agriculture.[37] The melioration work completed in each quinquennial period is shown in Table 6, from which the increase in the latest period is seen to be very large. The lag between input and output seems partly to have been due to the institutional changes effected by collectivization, which has been virtually completed during the Plan period,[38] whereas the collective area at the end of 1955 had been only 13 per cent of all arable land: it may also partly reflect the fact that melioration work takes some time to raise yields (indeed some land may be temporarily spoilt by the operations, especially if these are carried out without all the necessary expertise) particularly if — as in Albania today — farmers in the newly irrigated zones are somewhat ignorant of water techniques.[39]

As can be seen from the figures in Table 7, total state investment during the Second Five-year Plan period, including that envisaged in the 1960 annual plan, cumulates to 49 per cent more than was laid down in the original plan (the official estimate for the year published in October quotes this figure as the excess over the original plan) and indeed to slightly more than was postulated by the revision of February 1958. Statistics for the first three years of the plan period show that the largest (but annually declining) share was devoted to industrial projects, and increasing shares to agriculture and transport. According to the Deputy Chairman of the State Planning Commission,[40] the volume of building and construction effected during the first four years alone was 29 per cent more

TABLE 7

State investment in Albania

Millions of leks in 1955 and 1958 prices

	1955 prices	1958 prices	Price index 1955=100
1956	3 763.9	5 554.2	147.6
1957	4 837.8	7 176.0	148.3
1958	..	10 760.4	..
1959	..	12 210	..
1960 Expected	..	12 440	..
1956-1960 Expected	32 748 *	48 140	147 *
1956-1960 Original Plan	21 952	..	
1956-1959 Actual		35 700	
1956-1959 Original Plan		27 300	
1956-1959 Revised Plan		36 800	
1960 Revised Plan		11 197	
1956-1960 Revised Plan		48 000	

Sources and methods : The Directives on the Second Five-Year Plan cited the investment aggregate in 1955 prices, the statistical yearbook for 1958 gave 1956-1957 and earlier years in 1955 prices while that for 1959 gave the same and later years in 1958 prices. The approximate price index shown for those years was applied to the aggregate for 1956-1960 in 1958 prices. The source for the 1960 Plan (*Bashkimi*, 24 December 1959) stated that the aggregate for 1956-1959 was 37 per cent above that required by the original plan and 3 per cent below that required by the revised plan; it thus enabled the aggregate implied for the entire period to be computed according to the revised plan.

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[36] See footnote 34.

[37] Data supplied by the Ministry of Agriculture directly to the secretariat. Other agricultural specialists were at work in the Ministry of Industry (e.g. in food-processing plants) and the State Planning Commission.

[38] The farms still individually run are mainly in the mountain zones, where it is not intended to push collectivization but rather to encourage peasants to take up urban or valley work and to retain small holdings mainly for casual stock-breeding.

[39] Water use per irrigated hectare is about double the normal and farmers from the Shkodër district, where irrigation has long been practised, have been brought to the Myzeq and other zones as teachers.

[40] Petro Dode, *Zëri i popullit*, 16 July 1960. Among the projects listed as then completed under the Second Five-year Plan are the following: an oil refinery, a hydro-electric station, a preserves factory, fruit and vegetable canneries and a velvet mill. Among projects on which work was then in progress were two hydro-electric stations, a copper-enrichment plant, a tobacco factory, a cigarette plant, two brickworks, a spinning mill, an alcohol distillery, a food combine, a bakery and a number of fruit-processing plants. The building plan for 1960 also includes the reconstruction of a sugar refinery and the doubling of the capacity of a cement plant. Finally, a project has been announced for the construction of a railway between Vlorë and Milot, to be completed by 1962. For a fuller list see the preamble to the draft directives on the Third Five-year Plan (*Zëri i popullit*, 11 October 1960).

TABLE 8

Albanian exports and imports 1951 to 1958, by main countries of origin and destination

Millions of leks at current prices

	1951		1952		1953		1954		1955		1956		1957		1958	
	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
Total	457.6	1977.9	653.8	1589.7	549.4	2001.4	546.7	1291.7	650.0	2141.3	950.4	1940.5	1451.6	2665.7	1460.5	3930.5
of which :																
Soviet Union .	241.1	1170.3	373.6	685.3	264.5	1061.2	268.3	535.7	270.8	782.9	429.6	835.0	748.6	1299.4	682.5	2234.9
Bulgaria . . .	18.2	21.3	21.5	93.3	26.3	73.2	38.3	104.7	35.1	120.6	29.6	41.2	25.8	66.2	57.5	115.2
Czechoslovakia.	85.5	254.0	103.0	246.3	115.3	330.9	83.0	212.6	109.8	311.5	165.1	271.4	242.4	318.7	244.3	524.3
Eastern Germany . .	—	43.1	25.3	141.6	52.4	129.0	66.7	125.2	64.9	307.0	95.9	256.5	140.5	212.4	127.7	284.0
Hungary . . .	52.0	130.3	66.9	169.1	35.0	112.7	51.2	120.0	84.6	216.8	53.0	103.6	77.4	77.3	80.6	188.2
China	—	—	—	—	—	—	—	—	—	63.4	36.2	204.7	33.8	295.2	40.5	84.2
Poland	41.1	132.8	48.6	126.5	40.1	138.0	35.7	112.0	62.5	142.6	50.4	101.8	93.6	164.2	127.7	236.8
Rumania . . .	11.7	209.2	14.9	120.9	13.8	133.1	3.2	70.2	1.5	131.8	33.7	70.5	28.1	84.5	25.4	136.0
Italy	8.0	16.9	—	6.7	2.0	23.3	0.3	11.3	11.7	47.8	32.1	27.3	28.4	94.3	26.4	89.2
Yugoslavia . .	—	—	—	—	—	—	—	—	2.5	9.9	4.5	7.7	21.9	19.8	47.0	26.4
Switzerland .	—	—	—	—	—	—	—	—	6.6	5.6	15.8	15.8	3.8	8.7	—	0.4
Other	—	—	—	—	—	—	—	—	—	1.4	4.5	4.5	7.3	25.0	0.9	10.7

Sources : Statistical Yearbook for 1959 and direct communication from Albanian Government.

than originally envisaged, and 4 per cent more than the revised target of February 1958; and against the 671,000 square metres of dwelling space to be constructed under the plan 796,000 are now expected to be completed.

External Assistance

Considerable additions to Albania's domestic resources were made by the Soviet Union during the First and the Second Five-year Plans. The funds originally granted as credits up to 1957 were then converted to a gift, and further credits were provided for the completion of the Second Plan and are earmarked for the Third Plan. A calculation of the State Planning Commission shows the output from goods supplied by the Soviet Union to be the equivalent of about 25 per cent of gross industrial production.[41] The Soviet Union supplied, under trade and aid, 90 per cent of the equipment for the oil industry and of the lorry park, 65 per cent of agricultural machinery supplies and 82 per cent of the tractor park.

The basic data on Albanian foreign trade during the period of the two long-term plans are shown in Table 8. During 1951-1958 the visible deficit cumulated to 10,818 million leks in current prices, or 1.6 times the aggregate of exports: the volume of construction work in 1958 prices (which were considerably higher than the average ruling for the fifties) was 26,291 million leks, and the value of machinery installed was 15,033 million leks. In the absence of data on the exact ratio of foreign trade prices to the — substantially higher — domestic prices, it is impossible to compare exactly the foreign assistance received with total investment in economic development; but the contribution of foreign aid has certainly been very high. Moreover, technical assistance by Soviet and eastern European experts has also been extremely important, in the form both of missions (notably for geological survey and the construction and initial operation of factories) and, as already mentioned, of the training of Albanians abroad.

The Present Stage of Economic Development and the Standard of Living now reached

In the official phraseology, Albania has been converted during the postwar years from an agrarian to an agrarian-industrial economy; and this fact has to be borne in mind in interpreting the statistical evidence of economic growth assembled in Tables 1-7. The urban population, though 2½-3 times as great as in 1938, is still only about one-third of the total, and there are still only about 80 industrial enterprises of a size to be classified as " Republican " industry. This means not only that the percentage addition to total capacity in any industrial branch resulting from the establishment of a new factory, or the completion of a major extension, is large: it also means that the share of statistically measurable — or at least measured — output in total non-farm production is both smaller than in more industrialized countries and likely to be rising faster over time, as such activities as baking, weaving, shoe-making, furniture-making, etc. are gradually transposed from the home into the workshop or factory and become subject to statistical recording.

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[41] The calculation (reproduced, for example, by H. Banja in *Ekonomia popullore*, No. 6, 1959) was a complicated one involving the offsetting of imported non-capital goods by domestic capital contributions (building materials, labour, etc.) in realistic prices.

To note that such tendencies, and related problems of pricing of new products etc., tend to inflate the index numbers shown in Table 5 is not to belittle the striking achievements which certainly underlie those data. However, Albania remains a country in which women, herding cattle or sheep on the roadside verges or the hillsides, can still be seen spinning wool from a distaff and in which the wide variation of local costume from village to village also testifies to the continued widespread practice of making clothes, and much of the material for them also, in the home. Such activities do not contribute to the index of industrial output and are difficult to incorporate — if the attempt is even made — into the measurements of real incomes shown in Table 4. The problem of assessing, and valuing, consumption of farm produce by peasant households is the same in Albania as elsewhere; but also probably more important, in relation to that part of peasants' consumption passing through recorded trade channels, than in more advanced economies.

As the data in Table 4 show, the targets of the Second Five-year Plan are likely to be reached for workers' real wages but not for peasants' real incomes.[42] However, as compared with the level in 1950, per capita real wages were estimated to have risen by 55 per cent and peasants' real incomes by some 60 per cent per capita up to 1959.[43] Per capita national income (in terms of material product) is estimated to have doubled over the same period, and to have reached by 1959 a volume more than 2½ times that of 1938; within this total, agricultural output is estimated to have more than doubled since 1938; as noted above, a large proportion — possibly about one half — of the resources devoted to investment during the postwar years have been matched by external aid. Such data suggest — even when allowance is made for the hazards of statistical measurement in the Albanian economy — that material consumption standards must have risen considerably since before the war; and travel impressions are certainly of a population now adequately nourished and clothed.

Reference has already been made to the transformation of the typical Albanian into a literate and healthy man; and this can perhaps be regarded as the greatest contribution to consumers' welfare in the last fifteen years. Since 1953 those working in state enterprises have enjoyed an insurance scheme covering free medical care, sickness insurance and retirement pensions; and the benefits have gradually been improved.

A break has, moreover, been made with the eternal monotony of life in a poor village. There are nearly 600 reading rooms and 14 public libraries (against five before the war), evenly spread through the country, with an average of 43,000 books and 26,000 readers apiece. Aggregate annual newspaper circulation has decupled from the 2.7 million of 1938. The number of cinemas has risen from 17 before the war to 77 in 1960 and there is at least one in every district (the "rreth" averages 1,000 square kilometres); the nine main towns have repertory companies while an opera-house has been opened in Tirana. The movement to the towns brought by the start of industrialization has been matched by an appropriate rise in dwelling construction.[44]

For those who have stayed in the villages the introduction of mechanization has begun the release from arduous field-work: since the war the draught power at the disposal of agriculture has doubled, as has the sown area, but the share of mechanical energy has risen to more than half. But primitive techniques — wooden ploughs and harrows, broadcast sowing, hand-hoeing, harvesting with sickles and the carrying of water from well to house — continue to exist alongside 2,500 tractors, 250 combines, piped water supplies etc.; and the full transformation will take some years.

The Targets of the Third Five-year Plan

It is in agricultural output, as has been noted above, that the achievements of the post-war period have been least impressive, despite considerable investment. However, the land reclamation and melioration work already completed or in progress, and the gradual extension of mechanization and improved techniques, have now reached a point at which substantial benefits should soon begin to materialize. The Third Five-year Plan envisages, in contrast to its predecessors, a faster growth of gross agricultural output than of industrial production between 1960 and 1965 — by 64 per cent and 51 per cent respectively.

The sown area is to be increased by 14 per cent — to 523,000 hectares — and the irrigated area is to be enlarged from 135,000 hectares to 201,000 hectares. In accordance with plans for agricultural specialization concerted within the Council for Mutual Economic Assistance,[45] production and exports of fresh fruit, vegetables and wine are to be particularly rapidly increased, but substantial expansion of all the main crops is planned:

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[42] The preamble to the directives for the Third Five-year Plan confirms this. (See also footnote 34.)

[43] No 1959 index has yet been published, but the gross output of agriculture was 25 per cent above that of 1958.

[44] The urban population rose by 190,000 between 1945 and 1958 and, according to the statistical yearbook for 1959, p. 145, the funds invested by state and co-operative agencies in house construction "suffice to form a city of 160,000". Most of the building of these agencies is in urban areas and since the mid-fifties private housebuilding has added 2,000 houses annually to the towns. The rural dwelling stock, to judge from travel impressions, appears in good order with many new houses; but Albanian villages tend to be deliberately set away from the main roads as a relic from Ottoman and brigand times.

[45] See the SURVEY for 1959, Chapter III, pp. 42-43.

Percentage increases in plant production

1960 to 1965 Plan

Bread grain	67	Tobacco	97
Rice	50	Long-fibre cotton	47
Barley	44	Vegetables	72
Fodder grain	25	Olives	182
Beans	117	Grapes	81
Potatoes	108	Citrus fruit	95
Sugar-beet	53	Other fruit	72

These targets imply, *inter alia*, a raising of average wheat yields from 12.3 quintals per hectare to 13.5 quintals by 1965, maize yields from 13.5 to 14.5 quintals and sugar-beet yields from 222 to 244 quintals.

The planned increases in livestock numbers are shown in Table 2 above; and milk and meat production are both to increase by about half, supported by larger fodder supplies (particularly silage), and improved veterinary services. Other planned inputs into agriculture include a more than doubling of the 1960 tractor park (in terms of 15 h.p. units) and similar increases in the stocks of other equipment.

It seems that special efforts are to be concentrated on state farming. State farms are planned to increase their total area by not less than 23 per cent and to supply 12 per cent of all farm output in 1965, more than trebling their grain deliveries in the intervening years. The country-wide average wheat yield of 13.5 quintals, mentioned above, includes an expected yield of 18.5 quintals in state farms, and state-farm yields of other crops are expected to be similarly above the average. Annual milk yields per cow are expected still to be rather low over the country as a whole in 1965 (1,100 litres), but yields in state farms are intended to reach 3,000 litres.

In the industrial sector, the planned 51 per cent expansion of gross output from 1960 to 1965 includes a 55 per cent rise in output of producers' goods and a 48 per cent increase in consumer-goods production. Branch details are given in Table 5 above. The target for oil extraction (a 57 per cent increase) has been reduced below that originally proposed in the State Planning Commission,[46] and the rate of expansion of chrome mining is to slacken — to 13 per cent over the 5 years. Some other export branches, however, are to expand output very fast — iron-nickel ore mining by 92 per cent, blister copper by 137 per cent,[47] veneers by 147 per cent. Among producers' goods destined mainly for domestic use, the opening of the first sections of a new works of 400,000 tons annual capacity will raise cement output by 155 per cent; gross output of all building materials is to rise by 84 per cent, as is that of the engineering and metal-working branches; nitrogenous and phosphate fertilizer plants and one producing sulphuric acid (with annual capacities of 112,000 tons, 170,000 tons and 70,000 tons respectively) will be the first establishments of a chemicals industry. In the energy branches, the emphasis is on hydro-power which will contribute most of the 87 per cent increase in electricity generation — from new stations at Shkopet (24 MW) and Bistricë (27 MW), to be opened in 1962 and 1963/64 respectively — and a thermal plant at Fier (50 MW) is due to open in 1965. By the end of the plan period, generating capacity should be more than 111 per cent greater than in 1960. The tonnage of coal mined is planned to increase by 47 per cent.

Among consumers' goods, a 70 per cent rise in production of tobacco and cigarettes will contribute to higher exports, as will a 160 per cent increase in the present very small volume of wine-making, while food-processing in general is to increase by one-third. Production of cotton textiles — now contributing 2½ million metres of exports a year — is to rise by only 10 per cent, but output of woollen textiles is to be more than doubled, rising from 1.1 million to 2.3 million metres following an extension of the Tirana factory to be completed by 1963. Handicraft production will still be important in 1965; and output of handicraft co-operatives is planned to rise even faster than consumer-goods output in general — by 66 per cent — though this figure may well include some " absorption " of production not previously recorded.

The volume of investment during the plan period is intended to exceed that undertaken under the Second Five-year Plan by 47 per cent.[48] About one-fifth will be " non-productive ", in education, culture, health and communal services; a relatively small extension of the transport network is planned, comprising 400 km. of forest roads, the 34 km. Vorë–Milot railway and harbour works at Durrës; and an extensive grid is to link the electricity-generating stations mentioned above.

It is apparently expected that reliance on foreign aid to offset domestic investment outlays will have to be reduced under the new plan, since the predicted 55 per cent rise in national income is to be accompanied by only a 30-35 per cent increase in per capita material consumption. However, the construction of 1.35 million square metres of housing space (69 per cent more than during the Second Five-year Plan) will add further to consumers' amenities.

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[46] See the SURVEY for 1959, Chapter III, Table 16, p. 30.

[47] Output of copper ore is to rise less fast (gross output of the copper industry is to rise by 197 per cent) but the completion of the Kurbnesh enrichment plant will enlarge salable deliveries.

[48] A figure of 79.5 billion leks (apparently at 1958 prices) is mentioned. A comparison of this figure with the 1956-1960 total shown in Table 6 suggests that the Third Five-year Plan total may cover a wider area than state investment above.

B. — BULGARIA

4. The Bulgarian Economy at the End of the Second World War

On the outbreak of the Second World War, Bulgaria had reached a considerably more advanced stage of development than Albania. Nevertheless, it was essentially a country of small peasant farmers; and about 80 per cent of the population of 6¼ millions drew its living from the land. The old Bulgarian landowning classes had been virtually destroyed by the Turkish invaders and, when the Turks themselves were expelled after 1877, small peasant ownership became the predominant form of land tenure. The average size of holding immediately before the Second World War was 4 hectares and only about 3 per cent of the total arable area was in estates exceeding 30 hectares. Population pressure on the land intensified during the inter-war years, with consequent fragmentation of holdings so that each holding was, on average, composed of 10 separated strips; and Bulgaria had the highest density in Europe of agricultural workers per hectare of farm land, excluding the rough mountain pastures. Disguised unemployment in the countryside has been estimated at the equivalent of over a million workers.[48]

Of the pre-war arable area of 4.3 million hectares within today's national boundaries, 82 per cent was sown to grains. The area under higher value — and generally more labour intensive — crops was only gradually expanded during the inter-war years, the expansion being hampered by the unfavourable conditions in world markets. However, production of grapes, plums, strawberries, tomatoes, other vegetables and nuts was developed for export (either fresh or processed) on a rather small scale; oil-seeds occupied about 7 per cent of the arable area and also provided an export surplus; Bulgarian attar of roses contributed more than half of world output. Tobacco was, however, the main export crop, contributing about one-third of Bulgaria's total exports in 1939. Among other crops, sugar-beet production virtually covered domestic consumption (30,000 tons a year during 1936-1939) [49] and some 40,000 hectares of cotton provided between one-half and one-third of domestic needs.

Farm equipment and methods of cultivation compared fairly well with those in most of the rest of the Balkan region, but were nevertheless generally primitive. Crop-yields rose little — leaving aside year-to-year fluctuations — during the pre-war decade. Moreover an inadequate road transport network hampered the marketing of farm surpluses. Animal husbandry was likewise backward. In 1939 there were only 1½ million cattle, within today's national boundaries, or 31 per 100 hectares of cultivable area; and nearly two-thirds of them were wholly or partially draught animals, supplemented by just over 800,000 horses, mules and asses. Some 9 million sheep and half a million goats grazed on the mountains, providing large quantities of cheese and some rather poor quality wool. The livestock population was completed by 750,000 pigs and about 11 million poultry — providing a rising export of eggs. A rather primitive agriculture and rural over-population were accompanied by a high degree of village — and even household — self-sufficiency in most foods, clothing, building materials, furniture, etc.

The level of literacy and education in pre-war Bulgaria was rather high — by the Balkan standards of the time; and a strong peasant co-operative movement existed, performing a wide variety of services for its members. These included not only the provision of credit from members' deposits or from advances by the Agricultural and Co-operative Bank, the co-operative purchasing of farm requirements and the marketing of produce, but also in some instances such activities as land drainage, irrigation and electricity supply. Co-operative dairying, canning, tobacco-processing and wine-making enterprises and a sugar factory also existed. The state used the co-operatives as instruments of its agricultural policy — directed generally to promoting more intensive farming but also towards price stabilization and support for a number of crops (bread grains, tobacco and sunflower seed) for which marketing monopolies were established. However, the general level of farm prices is estimated to have fallen by more than half from 1929 to 1933 [50] and farm real incomes can hardly have fully recovered even by 1939.

Outside agriculture, development similarly proceeded rather slowly in the inter-war years. Although nearly one-third of the area of the country was under forests, exploitation covered no more than domestic needs for timber. Industry and construction employed 8 per cent of the total civilian labour force in 1939, and other occupations outside farming and forestry 11 per cent; and during the inter-war period industrial employment had risen (by 18 per cent from 1929 to 1939 in "large-scale" industry alone), but not fast enough to raise its share in the total or to permit any

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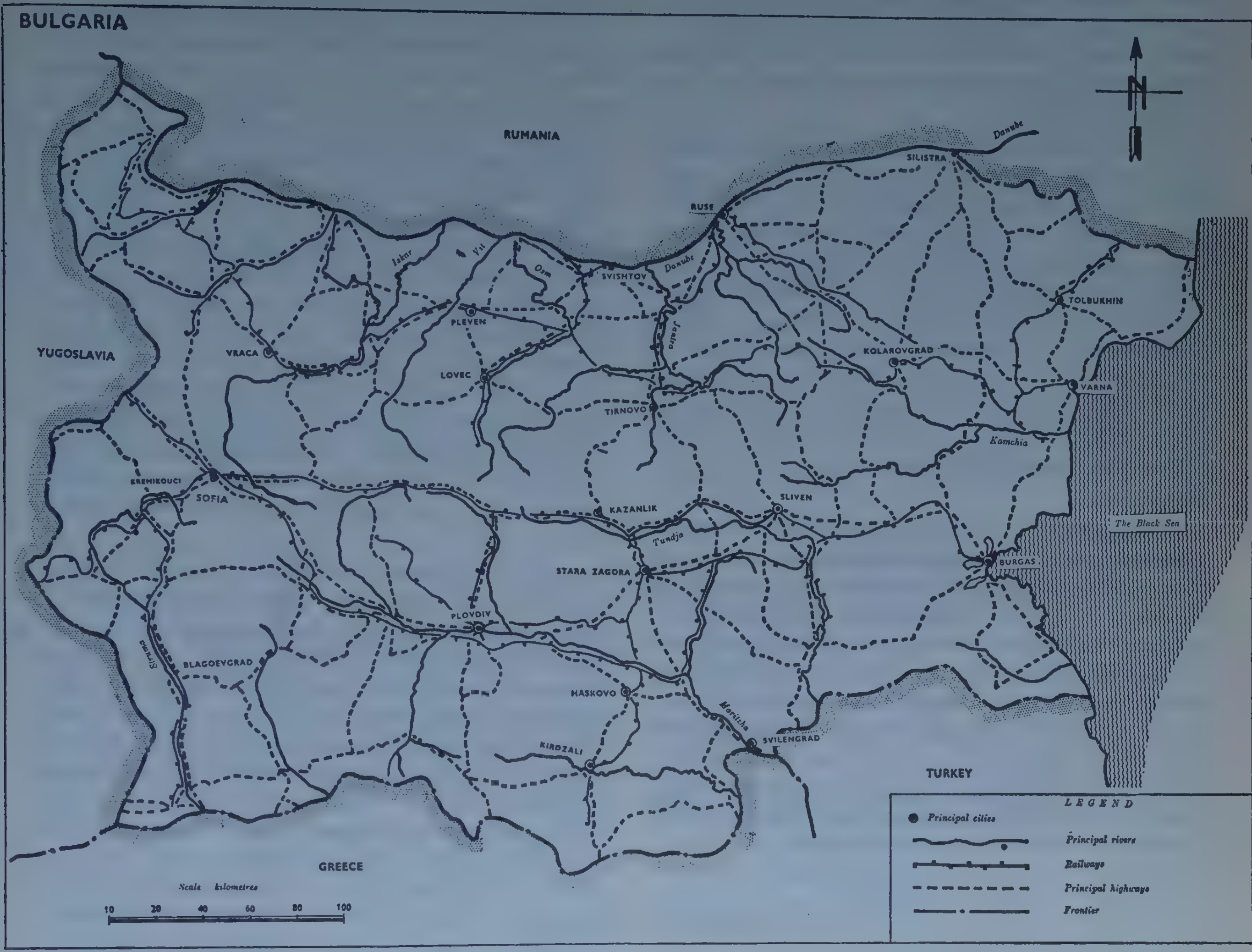
[48] Zhak Natan, *Stopanska istorija na Bulgaria*, Sofia, 1957, p. 492. A study produced under the auspices of the League of Nations put the theoretical pre-war surplus of agricultural population in Bulgaria at between 35 per cent and 53 per cent (see the *Economic Survey of Europe in 1957*, Chapter VII, p. 23, footnote 45).

[49] Production *plus* imports *minus* exports.

[50] The terms of trade of the agricultural with the non-farm sector are estimated to have deteriorated by more than 40 per cent (Zhak Natan, *op. cit.* p. 477).

Map 2. — **Bulgaria**



net movement out of agriculture. The urban population rose, from 1920 to 1934, by only 337,000, compared with an increase of 894,000 in rural areas.

The contribution of the main sectors of activity to employment and net national income (service inclusive) in 1939 has been estimated as follows (in percentage shares):

	Employment	Net national income
Agriculture and forestry	81	42
Industry, mining and handicrafts	8	16
Construction		1
Transport and communications	1	4
Other	10	37

Sources : Mesechni izvestiya Nos. 2-3, 1947; and pre-war statistical yearbook.

Out of a net industrial output in 1939 estimated at 9.1 billion leva at current prices (compared with 24 billion leva of net agricultural output) 48 per cent was contributed by handicrafts, 7 per cent by mining (mainly of coal, lead ore and salt, since deposits of iron ore, chrome, manganese and copper were hardly exploited) and the bulk of the remainder by textiles and food-processing. Outside the handicraft sector, 2,164 enterprises employed an average of 43 workers each and were equipped with an average 114 h.p. of mechanical power; of these enterprises 154 were in the metal-using branches, 366 were textile factories and 66 were engaged in leather processing and footwear manufacture. The levels of output of some of the main products are shown in Table 12 below.

Real per capita wages of industrial workers are estimated to have risen during the pre-war decade by some 20 per cent, reflecting *inter alia* an improvement in the terms of trade of the industrial with the agricultural sector.

The low level of construction activity in the inter-war years reflected both the high proportion of total construction not subject to statistical measurement (that is, most rural building, which was largely of sun-dried brick with some local stone and timber) and also the relatively slow industrial growth. Although — as noted above — the road network was poor, rail transport facilities were adequate for the needs of the economy at that time.

As has already been mentioned, the level of education in inter-war Bulgaria was relatively high. Primary schooling was formally compulsory, though pressure of numbers on the village schools tended to reduce actual attendance to much less than the statutory seven years. In the school-year 1939/40, there were 1.1 million registered pupils and University students, of whom 400,000 were in secondary schools and 11,000 at University. Medical services were less adequate, particularly in rural areas; and in 1939 there were 160 hospitals, providing 1.7 beds per thousand of the population, and 3,127 doctors[51] — or 1 per 2,000 population.

Whereas a greater understanding of the economic system might have led to a somewhat more rapid development than actually took place during the inter-war years — as elsewhere in Europe also — Bulgaria, as a predominantly agricultural economy, was particularly susceptible to the unfavourable development of world markets during this period, and ill-suited to resist economic exploitation by industrial countries, Germany in particular. The value of visible exports, to which agricultural products contributed at least 90 per cent and other primary materials about another 5 per cent throughout these years, fell sharply after 1931, and recovered to that year's level only in 1937; and the terms of trade deteriorated. The tourist trade, freight receipts and emigrants' remittances contributed some additional earnings; but imports nevertheless stagnated from 1925 onwards, machinery and metals accounting for about 45 per cent of the total in 1939 and other manufactured goods and textile materials for the bulk of the remainder. Foreign trade was concentrated on Germany and Austria, these two countries supplying about 52 per cent of all imports in 1938 and taking about 59 per cent of all exports. Although foreign investment had established most of such large-scale industry as existed in Bulgaria, foreign capital appears to have provided little net addition to Bulgarian resources in the inter-war period, to judge from the evidence of balance-of-payments data.

During the Second World War, Bulgaria suffered relatively little destruction; and productive capacities were somewhat enlarged, particularly in mining and electricity generation. Net industrial output was estimated to be 16 per cent above the 1939 level in 1946, or 30 per cent higher if handicraft output is excluded. Crop output in 1944 was estimated to be 18 per cent less than on the comparable area in 1939 (and 43 per cent below the 1939 level in 1946) but livestock production was above the pre-war level.

5. A Summary of Postwar Development

The immediate postwar years in Bulgaria, as elsewhere in eastern Europe, were a period of changes in political and economic institutions and in property relationships, and of the establishment of a short-term " reconstruction " plan. Some nationalization of industrial and other enterprises took place before 1947; and the end of that year saw the completion of the transfer to state, municipal or co-operative ownership and control of all financial institutions, public utilities and transport enterprises (other than horse-drawn transport) and of all industrial enterprises apart from very small workshops (then accounting for about 6 per cent of gross industrial output, and by 1960 for about 2 per cent). Foreign trade and domestic wholesale trade were taken over by the State, together with the greater part of the retail trade network. Peasant markets remained for some time an important element in the distribution system but have since considerably declined in significance. The number of shops in private hands was reduced to 29 per cent of the total by 1950, but their trade to only 12 per cent of total turnover; and the comparable figures today are about 5 per cent and less than 1 per cent respectively.

In the agricultural sector a land reform (relatively unimportant since large estates were few) was soon followed by a drive to set up co-operative farms of various kinds, readily accepted by many of the peasants themselves. By 1952, co-operative and state farms owned 65 per cent of the agricultural area, including the private plots of members of collective farms: the collectivization drive was then relaxed until 1955, but thereafter an intensified campaign culminated in the bringing in of the mountain areas in 1958. Thus in 1960 only about 4 per cent of all agricultural land remains under individual farming. Amalgamations, in 1959 particularly, reduced the number and enlarged the average size of collective farms, so that today the average size of Bulgarian farms is the largest in Europe. At the beginning of 1960 there were only 972 collective farms (all of the " advanced ", *kolkhoz* type) and 58 state farms in the country, with an average cultivable area of 4,186 and 3,376 hectares respectively.

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[51] Together with a supplementary corps of practitioners, permitted to practise in country districts after a two-year training course and ten years in the state medical service.

TABLE 9

Net national income produced in Bulgaria, by sector of origin, 1948 to 1958

Billions of leva at 1939 prices, and percentage increases

Sector of origin	Billion leva										Percentage increases		
	1948	1949	1950	1951	1952	1953	1954	1955	1957	1958	1948 to 1953	1953 to 1958	1948 to 1958
Total	51.4	52.2	58.9	75.6	73.5	90.8	88.7	97.4	110.9	119.0	76.6	31.0	131.5
of which :													
Industry	19.0	22.7	26.7	26.1	32.1	35.3	38.7	41.1	52.5	57.8 *	85.8	63.7	204.0 *
Agriculture and forestry	23.9	20.6	21.9	31.1	19.6	26.9	19.2	27.0	25.5	25.6 *	12.6	−4.8	7.1 *
Construction	2.2	2.6	3.4	4.4	5.4	6.8	7.4	7.0	6.9	7.6 *	209.0	11.8	245.4 *
Transport	1.3	1.5	2.0	3.1	4.0	5.7	6.3	6.5	8.3	9.5 *	338.4	66.6	630.8 *
Trade	3.9	4.0	4.5	9.2	11.3	14.9	15.3	14.0	15.6	16.7 *	282.0	12.1	328.2 *
Other	1.1	0.8	0.4	1.7	1.1	1.2	1.8	1.8	2.1	1.8 *	9.0	50.0	63.6 *

Sources : Totals from the 1959 Statistical Yearbook and data supplied by the Bulgarian Government. Details for 1948 to 1955 direct communication from the Bulgarian Government, with the details for 1955 adjusted to a revised total as published in Statistical Yearbook; details for 1957 from BAN Ikonomicheski Institut: *Petnadeset godini socialistichesko stroitelstvo*, Sofia 1959, p. 197; details for 1958 estimated from changes in gross output of individual branches.

NOTE. — No details for 1956 are available: total national income produced was 99.2 billion leva at 1939 prices.

The First Five-year Plan

The usual planning and administrative organs of a centrally planned economy were quickly established; and the first " reconstruction " plan covered the years 1947 and 1948. With the establishment of the First Five-year Plan (1949-1953), longer-term economic development aims were set, in a pattern common — in general outline — to all eastern European countries at that time: to raise accumulation to 25-30 per cent of national income (net commodity output *plus* " productive " services), and to achieve a very rapid growth of output, particularly by heavy industry. However, agriculture was not neglected to the same extent as in most other countries of the region, and was allocated 17½ per cent of the total fixed investment planned for the five years. The plan as published early in 1949[52] required increases in gross output between 1948 and 1953 of 119 per cent for all industry, 220 per cent for capital goods and 75 per cent for the products of light industry; and in the agricultural sector gross crop production was planned to rise by 78 per cent and animal production by 142 per cent.

The target rates of growth of industrial output were, in the event, considerably exceeded and the plan was officially wound up in 1952. However, during this period the Bulgarian economy ran into certain difficulties, less acute than those which arose in some other eastern European countries but similar in their nature.

The slow progress in agriculture was one major cause of these difficulties. The share of agriculture in total investment during the period (16.3 per cent) was little less than had been planned, and some physical inputs even exceeded the planned levels. But production virtually stagnated; and even though a 17 per cent increase in gross output from 1948 to 1953 was achieved (and a 13 per cent rise in the net output of agriculture and forestry combined), both net and gross output were below the 1948 level in three out of five years of the plan period, rising above it only in the two years of excellent harvests — 1951 and 1953 (see Tables 9 and 14).[53] Less favourable weather than the planners had assumed and inadequate incentives for the peasants (due as much to scarcity of consumers' goods, building materials, etc. as to low farm prices), both contributed to this result.

In the industrial sector, net output rose by 86 per cent between 1948 and 1953 (at 1939 prices).[54] Gross output (at 1956 prices) increased by 143 per cent overall; gross output of capital goods rose to 3.5 times, and of other producers' goods to 2.7 times, the 1948 level and consumer-goods production more than doubled. Thus the plan targets were easily surpassed. However, as is pointed out in section 6 below, the index number of consumer-goods production (gross) contains a large element of rapidly rising, and relatively highly priced, industrial processing together with an increasing duplication of inputs linked with this rise in the degree of processing of inputs from outside the sector. Thus the growth of final commodity output — and *a fortiori* of output in terms of basic foodstuffs and other consumers' goods — was much less than suggested by the gross production index. Moreover, during these years exports of agricultural products doubled in volume and imports of food-stuffs were reduced.

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[52] Report by D. Terpeshev, the Minister of Planning, to the V Congress of the Bulgarian Communist Party.

[53] The fact that the figures in Table 9 include the output of forestry cannot invalidate this interpretation of developments. It is possible that the index number of net output is somewhat depressed over the period as a whole by an overweighting of inputs of fertilizers etc., and of depreciation of fixed capital, relatively to gross commodity output, resulting from the choice of 1939 prices as the weights; but this can have been of little importance in relation to the years 1948 to 1952.

[54] The industrial output data in Table 9 are affected by an element of " inflation " common to many index numbers of industrial output in countries at a stage of rapid industrial development from a relatively low level. This stems from the practice of using price weights which remain unchanged in principle for a long period. New products are priced in the Bulgarian index of industrial production according to the formula $X = \frac{AY}{B}$, X being the assumed price of the new product in the base year, Y its current price, A the price in the base year of a similar product produced (or consumed) in Bulgaria, and B the current price of the similar product.

Thus new products are valued at current prices deflated (or inflated) by the change in the price of a " similar " product between the base year and the current year. Since, however, ' Y ' is normally established after only six months of production, when the cost (and price) of the product is likely to be rather higher than after longer experience, there is clearly a strong probability of " inflation " of the notional base prices at which new products enter the index.

The stagnation or slow expansion of per capita supplies of food and other consumers' goods (noted in section 8 below), in a period of rapidly rising industrial employment and money incomes, resulted in strains in the consumers' market followed by a monetary reform — in May 1952 — which wiped out a considerable proportion of existing personal savings, particularly those held in the form of cash.[55] At the same time, the investment sector itself was becoming overstrained, with resources locked up in an excessive number of projects so that completions were delayed far beyond the dates originally foreseen.

Development since 1953

As already mentioned, the First Five-year Plan was wound up in 1952, with the publication of a new plan for 1953-1957. This provided for gross fixed investment at an annual rate of 6.8 billion leva at 1952 prices (compared with 3.4 billion foreseen under the First Five-year Plan, and about 4 billion actually achieved during 1949-1952).[56] But, in fact, the investment drive was soon relaxed and the planned average annual rate of investment was not reached until the end of the period — 1957 or, possibly, late 1956. Net fixed investment, indeed, was virtually stabilized at the 1954 level until a sharp rise again occurred in 1958. Meanwhile, as in other countries of the area, the stimulation of agricultural production and the improvement of housing conditions, and of living standards in general, received gradually increasing emphasis in the annual economic plans and in their implementation — though the overwhelming priority accorded to heavy industry in the distribution of industrial investment outlays was unchanged until 1956 (see section 6).

In the agricultural sphere, success came slowly. Livestock numbers fell steadily throughout the period from 1948 to 1958 — contributing to the slackening rate of overall investment — and only in 1959 did net output of agriculture and forestry exceed the previous peak level reached in 1951. Gross agricultural output very slightly exceeded the 1951 peak in 1953 but rose decisively above it only in 1957. The pace of industrial expansion slackened, though it continued at the still rapid rate of 10 per cent a year, compared with 13 per cent in the period up to 1953, and the original 1957 target for gross industrial output was exceeded by 14 per cent. Consumers benefited, during this period and later, from a smaller disparity than in the past between rates of growth of output of producers' goods and of consumers' goods (see section 6 and Table 11 below). Housebuilding increased; and housing standards, in the countryside especially, were improved in the later years. Social amenities also were rapidly extended (see section 8).

Economic development achieved up to 1959

It is not easy to assess, from the summary indications provided by national accounts, the achievements of Bulgarian economic development up to the point — in 1959 — when plans were announced for a " great leap forward " to new goals for 1962 and 1965, all of them ambitious. As can be seen from the figures in Tables 9 and 10, the production and expenditure accounts have not yet been published in comparable prices. The use of 1939 prices as the basis for calculation of national income produced (net domestic product) lessens the distortion of overall growth rates and sector contributions which would have resulted from any weighting based on the postwar price structure, but it intensifies the problems of pricing new products already mentioned above.[57] Other elements of " inflation " of output statistics, some of them similar to those noted below in relation to the statistics of industrial production, affect other sectors of output also: for example, horse-drawn transport was only recorded in the output of the transport sector as it became organized in state or co-operative enterprises, lorry transport was — quite correctly — more highly

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[55] The exchange of old for new currency was made at rates of 100 units to 4 for wages, prices and state funds, 100 to 3 for the lowest tranche of savings deposits and 100 to 1 for the highest tranche of savings deposits and for all cash holdings. The reform was accompanied by the abolition of consumer rationing, but also by an adjustment of prices of the previously rationed goods to levels lying between the old ration and free-market prices.

[56] See Appendix B, sources and methods for Table 10.

[57] Even the change from calculation at 1952 prices to a 1957 price base reduces the rise of domestically utilized national income between 1953 and 1958 from 39 per cent to 28 per cent (see Table 10). Nevertheless, it is interesting to note that the 131 per cent growth, from 1948 to 1958, of national income produced at 1939 prices is below the recorded 140 per cent rise of domestically utilized national income at 1952 prices, although the incidence of the foreign trade balance and of losses should have produced an opposite disparity had both series been expressed in the same prices.

TABLE 10

Distribution of national expenditure in Bulgaria, 1948 to 1959

Billions of leva at constant prices

	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
					At 1952 prices							
National income [a]	17.0	17.2	19.4	25.0	24.4	29.3.	28.8	31.6	33.0	37.3	40.9	..
Accumulation	3.9	4.0 *	4.1	7.1	6.5	8 2	5.4	5.2	4.6	6.9	6.6	..
of which :												
Increase in fixed assets [b]	..	2.6	3.0	4.5	2.8	3.1	3.7	5.7	4.0	4.5	4.7	..
Net fixed investment	2.2	2.4	2.2	2.9	3.4	3.9	4.2	4.5	4.0	4.5	5.8	..
Addition to stocks and working capital [c]	1.7 *	1.6	1.9	4.2	3.1	4.3	1.2	0.7	0.6	2.4	0.8	..
Consumption	13.1	13.2 *	15.3	17.9	17.9	21.1	23.4	26.4	28.4	30.4	34.3	..
of which :												
Personal	11.9 *	12.0 *	14.0 *	16.4 *	16.3	19.3	21.5	24.2	26.0	28.0	31.6	..
Collective	1.2 *	1.2 *	1.3 *	1.5 *	1.6	1.8	1.9	2.2	2.4	2.4	2.7	..
					At 1957 prices							
National income utilized [a]	..	..	..	..	21.9	26.4	25.6	26.9	27.6	31.0	33.8	43.7
Accumulation	..	..	..	..	5.2	8.0	5.2	5.6	4.0	6.2	6.6	13.2
of which :												
Increase in fixed assets [d]	..	..	..	..	2.1	1.9	3.4	4.4	3.6	3.8	3.7	6.2
Addition to stocks and working capital [d]	..	..	..	..	3.1	6.1	1.8	1.2	0.4	2.4	2.9	..
Consumption	..	..	..	..	16.7	18.4	20.4	21.3	23.6	24.8	27.2	30.5
of which :												
Personal	..	..	..	..	15.4	17.0	18.9	19.5	21.7	22.8	25.2	28.1
Collective	..	..	..	..	1.3	1.4	1.5	1.8	1.9	2.0	2.0	2.4

Sources and methods : See Appendix B.

[a] This aggregate at 1952 prices is probably net national income domestically disposable: it is fairly clear from other related data published that this is the coverage of " National income utilized " at 1957 prices.

[b] Data as published: the coverage is almost certainly the same as for the similar items in the second half of the table (see also footnote *a*).

[c] Residual of accumulation and net fixed investment. For sources and methods of estimation of the latter, see Appendix B.

[d] Data as published: it seems that uncompleted construction is included in " Additions to stocks and working capital ". The classification of changes in livestock numbers and natural growth of forests and orchards is not clear.

priced per ton/kilometre than horse carriage, and the 630 per cent growth of the volume of transport output as entered in the national accounts over the ten years 1948 to 1958 is matched by a rise of freight transport measured in ton/kilometres of 287 per cent. The doubling of the output of the trade sector from 1950 to 1951 clearly reflects some change in coverage or in valuations: and in 1958 such factors as the incidence of turnover tax and of the price differential in foreign trade [58] must have partly accounted for the fact that, whereas employment in trade in 1957 was some 10 per cent higher than employment in construction, the net output of the former sector was more than twice as great as that of construction. " Other " output quadrupled between 1950 and 1951 partly because a number of small-scale activities (among them even the gathering of wild fruit) were then incorporated in the statistics for the first time.

Similar — and some additional — factors tend to distort both the structure and the apparent growth of national expenditure, calculated in constant postwar prices. For example, the extraordinary growth of investment in stocks and working capital during the years 1951 to 1953 shown in the top half of Table 10 is difficult to explain except on the hypothesis that the coverage changed, perhaps as a result of the inclusion of some part of net fixed investment in uncompleted projects under this heading (a practice now adopted in the publication of the national expenditure account in 1957 prices, shown in the lower half of the table). The apparent trend of personal consumption clearly incorporates a considerable element of additional processing of goods, widened statistical coverage, etc., similar to the influences on the production statistics noted in section 6 below.

Nevertheless, very real achievements — particularly in industrial development — lie behind these figures, and are discussed in detail in the following sections of this chapter.

The investment effort in successive plan periods is indicated by the following data (annual averages):

	1948	*1949-1952*	*1953-1957*	*1958-1959*
Accumulation				
in billion leva at 1952 prices	3.9	5.4	6.1	ca. 10
percentage of national income	23	25	19	ca. 25
Net fixed investment in billion leva at 1952 prices	2.2	2.7	4.2	ca. 8

Source : Table 10.

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[58] See the *Economic Bulletin for Europe*, Vol. 11, No. 3, pp. 57-58.

The highest proportionate rates of accumulation — 28 per cent of national income — were recorded during 1951-1953; and a similar rate appears to have been reached in 1959, partly as a result of the mobilization of under-employed farm labour for work on land melioration, irrigation, farm buildings etc. By 1958 the annual volume of fixed investment (net or gross) was running at a level about 2¾ times that of ten years earlier.

Industrial employment rose by 85 per cent between 1948 and 1958 and by about a further 25 per cent in the two following years. Total non-agricultural employment rose from 710,000 to 1,460,000 over the 10 years up to 1958; but agriculture is said still to provide some 70 per cent of total employment.[59]

About six times as much electricity is generated today as in 1948. Modern metal-processing and engineering plants have been set up — even if the engineering industry has a somewhat too diversified pattern for the present level of output — together with capacities for production of basic chemicals and some fertilizers. The output of the traditional textiles and food-processing industries has been greatly increased, and in recent years a start has been made on the modernization of their equipment to provide for larger, and higher quality, production for which growing export markets are promised by Bulgaria's partners in the Council for Mutual Economic Assistance. The major need now is for increased attention to specialization, both in those major lines of production in which Bulgaria has particular advantages and within such industries as engineering where economies of scale can be realized by concentration on a rather narrower range of products.

In agriculture the base has been established from which considerable increases in output should be achieved in future, and gross output seems in fact to have started on a sustained expansion since 1957. With collectivization virtually completed and compulsory deliveries now abolished, institutional changes should be a less disturbing factor in future than they have been in the past; the fixed capital stock (excluding livestock) has been more than doubled since 1953; the irrigated area has been increased from 33,000 hectares in 1948 to 650,000 in 1959 and new projects initiated which will permit a further extension; a corps of agronomists, engineers, etc. has been established and experiments started with new seeds and other improvements in technique. Insufficient supplies of fertilizers remain a hindrance to the further raising of crop yields, but the rate of application has been raised from little more than 1 kilogramme per hectare (pure content) in 1949 to 47 kilogrammes in 1959, though 1960 saw a falling off from this level. However, the livestock sector remains particularly weak, with total numbers little different from those existing immediately before the war and yields low, though improving.

In the late forties and early fifties, the possibility of raising material consumption standards was sacrificed — as in other countries of the area — to the building up of a very high rate of investment; but since about 1953 a considerable rise in the standard of living has been achieved. Real personal incomes were probably rather more than 50 per cent higher per capita in 1958 than in 1951/52 [60] and real wages rose by a further 4 per cent in 1959, while farm incomes must also have risen. Housing standards have been greatly improved; and education, health and other social services have been widely extended during the postwar years. Increasing attention is being devoted to the improvement of consumers' supplies; and the special conference on retail trade and consumer-goods production held in Sofia in July 1960 indicated that the time is past when the consumers' market would absorb virtually any goods offered. Output patterns (or relative prices) now have to be carefully adjusted to consumers' preferences; but it is clear that in Bulgaria — as elsewhere in eastern Europe — income elasticity of demand for better quality foods, particularly meat, is still high, and the danger of imbalance between the pattern of rising consumers' demand and that of available supplies will not be completely removed until output of livestock products has been considerably increased.

It has recently been announced [61] that the original industrial production targets set under the Third Five-year Plan (1958 to 1962) have already been surpassed, since gross industrial output in 1960 reached a level 63 per cent above that of 1957 compared with the 60 per cent increase set as the target for 1962. Lagging agricultural production has, however, resulted in a growth of national income to 37 per cent above the 1957 level by 1960 against the 50 per cent increment planned for 1962.[62] The Minister for Planning has said that 1961 will be the first year of a new long-term plan period, but no new 1965 targets have yet been stated. It is clear that those targets for 1962 and 1965 enunciated in connexion with the " great leap forward " planned in 1959 are under review; but the indications they give of likely future development priorities are nevertheless discussed in the following sections of this chapter.

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[59] BAN Ikonomicheski Institut, *Petnadeset godini socialistichesko stroitelstvo*, Sofia 1959, p. 172.

[60] Comparison with 1952 alone would give a larger increase, since this was a particularly bad year for agriculture.

[61] *Rabotnichesko delo*, 17 December 1960.

[62] Other reported increases from 1957 to 1960 are a 91 per cent rise of freight transport (against 35 per cent planned for the whole period 1958 to 1962), a 47 per cent rise of retail trade turnover (against 40 per cent), a 33 per cent rise of total consumption (against 30 per cent) and a 76 per cent rise in foreign trade turnover (against 45 per cent).

6. INDUSTRY

Industrial Employment

By 1958 the total number of workers and employees in state and co-operative industry and handicrafts had reached 589,000, against 262,000 ten years earlier. However, during these years employment in the private handicraft sector, including self-employed, fell from 81,000 to 45,000 in 1956 (the latest year for which data are available) and, if no significant change subsequently occurred, total industrial employment must have risen by about 85 per cent over the whole period up to 1958.[63] Net industrial output (valued at 1939 prices) was trebled and net output per worker and employee rose by 65 per cent.

There has at no time been any general shortage of labour available for employment in industry and, indeed, the problem of excess labour in agriculture is still not solved (see section 7). Thus no special efforts, apart from adjustment of wage differentials, have been required to direct labour to particular branches of employment. Vocational training, under centralized direction in the earlier years, was by the middle fifties in the hands of the industrial ministries and their subordinate enterprises, and they have always easily secured an adequate flow of recruits; but highly skilled labour of various kinds and scientific, managerial, etc. ability have at times been scarce. Scarcity of jobs outside agriculture rather than of available workers has, however, been the rule so far in Bulgaria, and on one occasion — in 1956/57 — special efforts were made by the authorities to relieve pressure on employment opportunities by encouraging early retirement, migration of workers to countries of relative labour shortage, etc.[64]

As can be seen from the data in Table 11, the structure of employment[65] in state and co-operative industry changed considerably between 1948 and 1958. However, at both dates the textiles and clothing industries constituted the most important major branch, in terms of numbers of workers employed. It was followed in 1948 by food-processing and the timber and timber-processing branch, and in 1958 by food-processing and metal-using — the timber and timber-processing group having shown the slowest growth of employment in the intervening years of all the branches separately distinguished in Table 11. The textiles and clothing industries and the metal-using branch absorbed 48 per cent of the total rise in employment of workers outside the private sector (76,000 and 53,000 respectively), but the fastest rates of growth were in the metallurgical and chemicals industries.

Changes in the Industrial Structure

However, in interpreting the changes in the structures both of employment and of gross output shown in Table 11, two points have to be borne in mind. First, the reduction of employment, and the resulting small rise of gross output, in private handicrafts have been matched by increases concentrated mainly, though not exclusively, in a limited number of branches of state and co-operative industry — textiles and clothing, leather and footwear, food-processing, timber and timber-processing, construction materials and metal-using. On the other hand, state enterprises in the electricity, fuels, metallurgical, chemicals and rubber branches were probably almost, if not completely, unaffected by this " absorption " of activity from the private sector during the period.[66] The probable significance of this difference is illustrated by the figures below, which suggest that a branchwise breakdown of all employment including the private sector would reveal a structural shift towards the fuels, metallurgical and chemicals branches of significantly greater proportions than is suggested by the data in Table 11.

	Increase from 1948 to 1958			
	Employment of workers and self-employed		*Gross output*	
	Thousands	*Percentage*	*Million leva* [a]	*Percentage*
A. Private industry . . .	−36 *	−44 *	63	9½
B. State and co-operative industry — total . .	268	127	24 850	354
Total A+B	232 *	80 *	24 913	338
State and co-operative:				
C. Textiles and clothing, leather and footwear, food-processing . .	118	118	13 286	292
D. Timber and timber-processing, construction materials and metal-using	81	103	5 837	429
C+D	199	111	19 123	324
C+D+A[b]	164	63	19 186	292
E. Electricity, fuels, metallurgy, chemicals and rubber	50	195	4 520	545
F. All other	19	208	1 207	403

Sources : As for Table 11.

[a] At 1 April 1956 prices.

[b] It must not be assumed that the " absorption " of private industry was *wholly* concentrated in groups C and D. Group F was certainly affected to some extent.

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[63] To assume no rise in private-sector employment from 1956 to 1958 implies that gross output per worker in that sector rose by 18 per cent over these years. This is not impossible, given the improvement in raw material supplies; and even if the opposite extreme assumption were made—that the whole rise of output was due to rising employment — the effect would only be to raise the growth of total industrial employment from 85 per cent to just over 87 per cent.

[64] See the SURVEY for 1957, Chapter VII, pp. 47-48.

[65] Workers only, since no branch-wise distribution of employment of workers and employees is available.

[66] As also by the second type of " absorption " of previously unrecorded activity noted below.

TABLE 11

Structure and growth of industrial output and employment in Bulgaria, 1948 to 1958

Percentages based on values at ex-factory prices of 1 April 1956 and on numbers employed

Industrial branch	Percentage increase in output			Employment of workers			Percentage share in output	
				Percentage increase	Percentage share			
	1948 to 1953	1953 to 1958	1948 to 1958	1948 to 1958	1948	1958	1948	1958
All industry — net output [a]	86	64 *	204 *	80 *[b]	..	..	..	..
All industry — gross output	143	80	338				100	100
of which :								
Capital goods	253	112	650	..	..	..	5.5	9.4
Intermediate goods	168	92	414	..	..	..	31.1	36.1
Consumers' goods	121	73	282	..	..	..	63.3	54.5
of which: Foodstuffs	139	45	247	..	..	..	32.9	25.7
Textiles and footwear	148	80	347	..	..	..	17.7	17.9
Others	37	179	282	..	..	..	12.7	10.9
State and co-operative industry — gross output	159	75	354	127	100	100	100	100
of which :								
Electricity	194	94	471	203	1.0	1.3	2.1	2.6
Fuels	88	74	228	93	7.8	6.6	4.7	3.4
Ferrous metallurgy	1 200	327	5 457	1 224	0.2	1.2	0.1	1.2
Non-ferrous metallurgy	271	132	762	486	1.5	4.0	2.7	5.1
Metal-using	381	143	1 070	243	10.3	15.6	5.1	13.2
Chemicals	416	174	1 316	561	0.6	1.6	1.0	3.1
Rubber	128	122	407	119	0.8	0.8	1.2	1.3
Construction materials	261	50	440	67	7.5	5.5	2.4	2.9
Glass and porcelain	236	115	623	174	1.2	1.5	0.6	0.9
Timber and timber processing	69	48	150	42	19.6	12.3	11.8	6.5
Cellulose and paper	83	66	202	71	0.9	0.7	1.8	1.1
Textiles and clothing	176	90	424	157	23.2	26.3	19.2	22.2
Leather and footwear	239	40	373	68	5.1	3.8	2.8	2.9
Food processing	132	41	227	84	19.2	15.6	42.6	30.8
Other	155	152	542	194	1.0	3.2	1.9	2.8

Sources: National statistics and direct communication from the Bulgarian Government.

NOTE. — Private industry provided 6 per cent of all recorded gross output in 1948, but only 2-2½ per cent in the later years shown in the table. The estimated rise in total employment from 1948 to 1958 is based on the assumption that employment (including self-employed) in the private artisan sector became stabilized at the level reached in 1956 (45,000). This was little different from the 1953 level (41,000), but 36,000 less than in 1948.

[a] Increases in net output of all industry are the data in 1939 prices shown in Table 9.

[b] Including self-employed.

This factor can hardly affect significantly the rates of growth of gross output in different branches from 1953 to 1958 alone, as shown in Table 11, since the level of employment and the share of output in the private sector has changed little during that period.[67]

It is also, of course, irrelevant to the interpretation of the changes — over any period — in relative rates of growth of output of capital goods, intermediate goods and consumers' goods shown in Table 11, since these refer to all industry. However, the apparent differences in rates of growth of output of these three main groups of products are influenced by the increasing double-counting of inputs as industrial processing expands, which is an inevitable concomitant — in any country — of the measurement of growth by means of index numbers of gross production.[68] The difference between the rise of total net industrial output (by 204 per cent over the period) and of gross output (by 338 per cent) is likely to be concentrated largely in the capital-goods and consumer-goods groups.[69]

Moreover, the growth of output (net or gross) of consumers' goods is particularly affected by the

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[67] This is true of employment only if the assumption of little change in private employment after 1956 is correct.

[68] i.e. the aggregate of final output from each separately enumerated enterprise without deduction of inputs from outside the enterprise.

[69] The fact that the overall index number of net output is calculated on the basis of 1939 prices and that of gross output at 1956 prices may tend to inflate the former relatively to the latter because of the problem of valuing new products mentioned in section 5 above.

TABLE 12

Output of selected industrial products in Bulgaria 1939, 1948 and 1958

Quantities and percentage increases

Commodity	Unit	Quantity of output			Percentage increase 1948 to 1958
		1939 [a]	1948	1958	
Electricity	Million kWh	266	550	3 024	450
Coal and lignite	Million tons	2.2	4.3	11.9	177
Iron ore	Thousand tons	11	10	137	1 260
Pig iron		—	0.6	91	1 423
Crude steel		5.5	5.0	210	4 136
Rolled products		4.4	3.1	140	4 330
Copper concentrates		—	2.7	35.8	1 226
Lead concentrates		3.0	17.0	100.9	493
Lead metal		—	2.0	26.0	1 200
Zinc concentrates		2	10	96.2	862
Internal combustion engines	Thousand h.p.	—	0.4	103	1 800 [b]
Electric motors	Thousand kW	—	5	467	9 240
Transformers	Thousand KVA	..	33	553	1 575
Radios	Thousand	..	2.7	131	4 751
Cultivators	Unit	—	250	295	18
Tractor ploughs		—	63	2 700	4 180
Freight wagons		—	—	1 297	536 [b]
Sulphuric acid	Thousand tons	—	—	64	425 [b]
Nitrogen fertilizers		—	—	206	137 [b]
Cement		225	378	934	147
Bricks	Million	65	125	575	360
Tiles		68	94	204	117
Cotton fabrics	Million metres	34.1	58.3	169	189
Woollen fabrics		5.3	5.4	14	163
Silk fabrics		1.1	1.5	6.9	347
Cotton yarns	Thousand tons	11.5	15.9	36.0	126
Woollen yarns		0.8	5.2	11.6	124
Footwear	Thousand pairs	..	1 643	6 402	289
Meat	Thousand tons	49.7	25.5	144	465
Lard		0.1	2.5	19	659
Butter		0.7	0.6	6.1	913
Sugar		25.1	60.6	149	145
Canned fruit and vegetables		10.3	24.7	181	635

Source : Statistical Yearbook 1959. [a] Estimated output on post-war territory. [b] Increase from 1952.

gradual " absorption " into the statistics of small-scale farm and household activity not previously recorded. Thus, for example, the discrepancy between the 23 per cent rise in gross agricultural output and the 227 per cent expansion of gross output of state and co-operative food-processing industries over the ten years may be largely explained by three factors: the absorption of former private-sector labour and output, increasing inputs and increasing duplication of inputs due solely to a rising degree of processing of farm produce and the " industrialization " of a considerable volume of former cottage or farm activity — cattle slaughtering, dairying, distilling, baking, etc. — never before statistically recorded as industrial output. Absorption of private industry and increased industrial processing have, similarly, helped to quintuple gross output in the state and co-operative textiles and clothing industries while physical output of textile yarns and fabrics (by all industry) rose to 2-3 times the 1948 level by 1958 (see Table 12); and this rise in output in quantitative terms itself reflects some translation of spinning and weaving from the home, where it was not recorded, into workshops and factories. This last factor does not, of course, constitute an inflation of the index of production in a statistically indefensible sense since, in any country, institutional changes may raise the proportion of total processing of consumers' goods included within the boundary of statistically recorded industrial production. However, in Bulgaria such changes have been particularly rapid during the period under review, partly as a consequence of the almost complete collectivization of agriculture during these years. Together with the other elements of "absorption" of activity and of duplication of inputs influencing the index numbers, they are of importance for any assessment of the relevance of the growth of recorded gross output in the consumer-goods branches, or of the growth of retail sales, as measures of the changing availability of commodities for personal consumption (see section 8).[70]

The Pattern of Growth of Investment and Production

As can be seen from the figures in Table 11, industrial output rose faster from 1948 to 1953 than in the subsequent quinquennium.[71] The statistical "absorption" of some activities, already mentioned, contributed to this in several branches; but probably more important for total output was the fact that, at the beginning of the period, considerable possibilities of raising production by more efficient use of equipment, working additional shifts, etc., remained to be exploited as fuel and raw material supplies increased, However, the volume of imports was trebled between 1948 and 1958, and the rising import content of gross output in the later years helped to sustain a rate of growth that still exceeded 10 per cent a year (net) from 1953 to 1958.

The most rapidly expanding industries, in terms both of gross output and of employment during 1948 to 1958 were metallurgy, chemicals, metal-using (subject to some absorption of private handicrafts) and electricity generation; and the producer-goods industries as a group received the lion's share of industrial investment throughout the period.

In 1949 these, Group A, industries received 79 per cent of centrally planned outlays on industrial investment, and the Group B (consumer-goods) industries 21 per cent; but thereafter an even more decisive preference was given to the Group A industries, so that over the period 1949-1957 as a whole they received 88 per cent of the total outlays (see Table 13).[72]

TABLE 13

Centrally planned investment outlays in Bulgarian industry [a] 1950 to 1959

Millions of leva at 1956 prices, and percentage shares

Industrial branch	Total 1950-1958	1958	1959 [b]
All industry — *value*	*18 146*	*2 661*	*3 618*
percentages	100	100	100
Group A (producers' goods)	88 [c]	..	75.5
Group B (consumers' goods)	12 [c]	..	24.5
Electricity	26.8	21.6	14.3
Coal and oil	13.4	10.6	11.6
Ferrous metallurgy	17.1	3.7	10.3
Non-ferrous metallurgy		10.9	10.6
Engineering	6.1	6.2	..
Other metal-using	2.2	3.7	..
Chemicals	7.7	7.0	4.6
Building materials	3.9	8.1	6.7
Timber and timber-processing	2.7	3.3	..
Textiles	3.7	5.1	5.3
Leather and footwear	0.3	0.4	0.6
Food-processing	5.3	7.2	17.4
Other	10.8	12.2	..

Sources: Statistical Yearbook 1959; the Groups A and B breakdown from BAN Ikonomicheski Institut: *Petnadeset godini socialistichesko stroitelstvo*, Sofia 1959, p. 153 (see note to Table 18); direct communication from the Bulgarian Government of 1959 data.

[a] Centrally planned investment now accounts for about 90 per cent of all industrial investment and has represented 80-90 per cent in every year of the period.

[b] In current prices and preliminary figures.

[c] Based on data for 1949-1957; comparable total for all industry is 16,600 million leva.

The improvement of the energy base of the economy was a major pre-occupation of the Bulgarian authorities from the start of the first long-term plan, and during 1949-1951 over one-third of all centrally planned industrial investment was devoted to electricity development. The whole fuel and power sector received over 40 per cent of the total, and little less over the ten years 1949-1958. As a consequence, electricity generation rose to 5½ times its 1948 level by 1958. Thermal power, based mainly on domestic supplies of lignite, accounted for 57 per cent of the total in the former year and 68 per cent in the latter. The tonnage of coal mined was nearly trebled over the ten years, but Bulgaria nevertheless remains dependent on imports for about 190,000 tons of the 200,000 tons of coke consumed in a year, since most of the domestic coal production is unsuitable for coking. Nearly all petroleum products are also imported (over 550,000 tons a year), and most of the very small and, only recently exploited, Bulgarian output of crude oil (220,000 tons) is exported as such.

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[70] Illustrations of the absorption of activities into the area of statistically recorded production include an increase of recorded production of brandy (*rakii*) by 566 per cent from 1939 to 1948 and of 681 per cent from 1948 to 1958 while production of plums in 1958 was no more than 55 per cent of that in 1948 and output of wine grapes was 82 per cent higher. Similarly, although family budget studies show practically constant per capita cereals consumption (in flour equivalent) from 1953 to 1958, at a level well below that of pre-war, bread baking as included in the industrial production index rose steadily, and was trebled from 1948 to 1958.

[71] This is also true of the output of nearly all the individual products shown in Table 12, outside the engineering and chemicals groups.

[72] Centrally planned investment now accounts for about 90 per cent of all industrial investment outlays. The data in Table 13 probably show a somewhat greater concentration of investment resources on the Group A industries than would comparable data for 1948-1957, or for a longer period, if these were available. The preference for these branches was probably rather less in 1948 and in 1958 and 1959 than in the intervening years.

Shortages of fuels and power were endemic up to the middle fifties, though apparently rather less hampering than in some other eastern European countries; but since about the end of 1956 supplies seem to have kept pace with the growing industrial and other demands.

The metallurgical industries were the second largest industrial recipients of investment resources during 1949-1958, absorbing 17 per cent of all centrally planned outlays. The drive for expansion of capacities in this sector really began in 1951/52, when centrally planned investment suddenly rose from an average of 33 million leva (at 1956 prices) in the two preceding years to 164 million (10 per cent) in 1951 and 503 million (30 per cent) in 1952.

The iron and steel industry is virtually a postwar creation. Until recently known deposits of iron ore were small; but their exploitation, together with imports of pig-iron about equal in quantity to domestic production, has supported the rapid growth of a modest steel industry, which nevertheless supplies 40-50 per cent of total national requirements of steel. Endowments of non-ferrous metals are far more important, and the rapid development of copper, lead and zinc mining and of related production of concentrates and some metals has contributed to the growth of Bulgarian exports, particularly to other countries of the area.

As already mentioned, the metal-using industries have expanded their output and employment very fast, and in terms of employment (excluding private handicrafts) are now as important as food-processing. Investment during the ten years 1949-1958 has been about half as large as in the metallurgical industries, and it has been more erratic, rising to a peak during 1954 and 1955 when it absorbed 10 per cent of all centrally planned outlays in industry and then slackening again until a second spurt followed in 1958. The output of the engineering industry is rather diverse. It includes railway rolling-stock, machine tools, various types of internal combustion engines, electrical equipment, textile machinery, food- and tobacco-processing machinery, agricultural equipment, radios, etc.; and most individual products are produced in rather small quantities. In 1956 it was reported that 62 enterprises produced 2,500 different types of machinery and equipment, that the average number of units of one type produced by each factory was 12, and that equipment produced in single units accounted for 17 per cent of all output.[73] Since then, the need for more specialization, and for modernization of the equipment of the industry itself, has frequently been stressed; and the increased investment resources provided for this branch in 1958 and 1959 were intended to be devoted to a large extent to re-equipment and modernization of existing plants as well as to the development of new enterprises.

The rapid expansion of the chemicals industry was stimulated by heavy investment during 1950-1954 (12 per cent of the centrally planned industrial total), but the rate of investment then fell off noticeably until it was again raised substantially in 1958. The bulk of the output of this sector so far has consisted of basic chemicals and fertilizers. About one-half of the annual output of 15,000 tons of caustic soda is exported, and one-third of the 104,000 tons annual production of calcined soda. Production of nitrogenous fertilizer reached 206,000 tons in 1958 and of phosphate fertilizer 74,000 tons; but net imports of all fertilizers amounted to about 110,000 tons. Insufficient application of fertilizer has been one major hindrance to the expansion of agricultural production throughout the period, and the latest investment drive in this sector represents the first instalment of a long-term plan to raise fertilizer production very substantially, as well as to establish plastics and synthetic fibre industries (see below).

The branches of industry mentioned above represent the major claimants on industrial investment resources virtually throughout the postwar period. Priorities within the group changed from time to time; but in the years for which data are available the group as a whole never absorbed much less than 75 per cent of each year's centrally planned industrial investment outlays until 1956, when the share of other branches was raised to 27½ per cent and then to 31 per cent and 36 per cent in the two subsequent years. However, despite this concentration of industrial investment on the development of the heavy industries and of electric power supplies, Bulgaria seems to have avoided — at least after 1953 — excessive devotion of resources to huge, slowly maturing projects.

Although an important export industry, and employing the second largest share of the labour force up to 1958, the food-processing branches were relatively neglected until that year. Insufficient, and obsolescent, capacities have now become a hindrance to the expansion of output and exports of the higher-valued agricultural products, which it is hoped to overcome by the investment programme now starting. The textiles and clothing branch, contributing 15 per cent of total exports and employing one-quarter of the industrial labour force in 1958, provides a yet more striking contrast between the share in investment and in employment (see Tables 12 and 13). Despite its small share of centrally planned investment, production of both cotton and woollen goods was 2-3 times greater in 1958 than ten years earlier, largely as a result of better supplies of materials which permitted more intensive use of capacity, including the working of multiple shifts.[74] This sector also received a slightly higher priority in the 1958 investment allocation — largely for the purposes of re-equipment and modernization.

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[73] *Promishlenost na N.R. Bulgaria*, Sofia 1958; and *Ikonomicheska misl*, No. 2, 1958, p. 33.

Investment in building materials capacity has been largely concentrated on establishing large new cement works which permitted output to be more than doubled over the ten years since 1948; but scarcity of materials for industrial construction has been endemic throughout the period. In 1959 — a year of intense construction activity — exports of cement were stopped in the second half of the year in order to relieve the domestic shortage, and scarcity of some types of bricks, insulating materials, timber and constructional steel was also reported to be acute.[75] Cement exports were resumed in 1960, but at a level in the first half-year one-fifth of the corresponding 1959 rate.

The Targets for 1962 and 1965

In 1958, after several years of relative relaxation of the intense investment drive of the late forties and early fifties, plans were made for a new major campaign to accelerate the growth of output, so as to achieve well before 1962 the goals earlier set for that year by the VII Congress of the Bulgarian Communist Party and to reach ambitious new targets by 1965. By means of the mobilization of "reserves" in the economy and of a new investment drive it was intended to double the 1957 level of gross industrial output by 1962 (as compared with the 60 per cent increase provided for in the original directives for the Third Five-year Plan) and to raise it to 3-4 times the 1957 level by 1965. The main individual targets, announced in a report to the National Assembly by the First Secretary of the Party Central Committee on 10 March 1959, may be compared with the actual achievements of that year:

	Production			
	Actual		*New targets*	
	1957	*1959*	*1962*	*1965*
	Million tons			
Coal	11.9	15.4	23.8	35.7-47.5
of which : Hard coal	0.24	. .	0.97	1.2
	Thousand tons			
Coke	12	. .	. .	700
	Billion kWh			
Electric power	2.7	3.9	6-7	10
	Thousand tons			
Pig-iron.	54	177	230	700
Crude steel	159	230	400	900
Rolled products . . .	117	167	320	700
Lead	19	32.7	45	90
Zinc	7.5	9.1	. .	50
Electrolytic copper . .	—	. .	17	25
Plastics	1	. .	16	30-40
Synthetic fibres . . .	—	. .	18	26
Cellulose	16	19.4	78	200
Paper and cardboard .	46	51.4	175	260
	Million tons			
Mineral fertilizers . .	0.19	. .	1	1.6
Cement	0.88	1.4	2.3	3
	Million metres			
Cotton fabrics	153	209	280-300	350
Woollen fabrics : . .	13	18.6	25	30
	Million pairs			
Footwear	4	. .	10-12	13-15
	Thousands			
Automobile tyres . .	104	. .	350-400	500

Sources : Statistical Yearbook 1959 and Pocket Yearbook 1960; and Report of the First Secretary of the Bulgarian Communist Party to the National Assembly, 10 March 1959.

The volume of gross output of the metal-using industries was intended to be trebled between 1957 and 1962 (the original 1962 target had provided for a rise of 120 per cent) and quintupled by 1965. The target for the food-processing industries was to raise output by 2½ times its 1957 level by 1962, on the basis of a similar or even greater expansion of gross agricultural output (see section 7).

The present status of these targets is unclear. References to them in official statements during 1960 have been few, and the publication of a definitive plan for the years up to 1965, though long expected, had not yet occurred at the time of writing. The Minister of Planning has announced the 1961 targets as those of the first year of the new long-term plan; but it seems probable that the experiences of 1959 and 1960 have induced a more cautious assessment of the true "reserves" in the economy that can be easily mobilized, and of the possible 1962 and 1965 achieve-

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[74] This process has continued through the fifties:

	1953	*1954*	*1955*	*1956*	*1957*	*1958*
	Production of yarn (kilos per spindle)					
Cotton	73	76	84	87	93	100 *
Wool	123	126	133	152	151	158 *
	Production of fabrics (thousand metres per loom)					
Cotton	17.7	18.4	20.3	21.9	20.7	. .
Wool	8.5	8.0	8.3	9.9	10.3	. .

Sources : Promishlenost na N.R. Bulgaria, Sofia 1958; and Statistical Yearbook 1959.

[75] Local production of sun-dried bricks has been an important element in the rural housing boom of recent years; but this is of little assistance to industrial construction — except by partially relieving pressure on other materials (see also the SURVEY for 1959, Chapter II, p. 21).

ments. The annual plan for 1959 foresaw a rise in gross industrial output in that year of 28 per cent, and a 21 per cent rise was in fact achieved. This represents a faster rate of growth than in any of the seven preceding years, but the effect on the statistics of the changes in industrial organization in that year is still not clear.[76] The preliminary data so far available indicate that gross industrial production in 1960 may be some 13 per cent higher than in 1959, and that the 1961 plan provides for a 7.8 per cent rise over the 1960 level.[77] This would imply the necessity for an increase of some 30 per cent in 1962 if the revised target for that year were in fact to be reached.

Nevertheless, the original announcement of the 1965 targets gives some indication of the general pattern established for the next phases of industrial development.

In the fuel and energy sector development is to be concentrated on the further exploitation of lignite deposits, which account for 90 per cent of known coal reserves in Bulgaria, combined with the construction of a briquetting plant to process lignite for use by the railways and by households and with further development of thermal power based on lignite. Hard coal development is to be pressed forward as the basis for domestic coke production linked, in turn, with the decision to initiate a new phase of expansion of steel-making capacity — by about a million tons — by the construction of a blast furnace and related hot and cold rolling capacity at the Kremikovtsi works.[78] This decision has been influenced by the realization that, although domestic iron ore deposits are of rather low ferrous content, they are polymetallic and can therefore be exploited to good economic effect. Production of electrolytic copper has just been started, so as to carry one stage further the relatively small degree of processing of national production of non-ferrous ores that now exists.

Development of metal-using capacities is to be concentrated on electrical engineering and production of equipment of low metal content as well as on certain other items of equipment in which Bulgaria has agreed to specialize following consultation with other member countries under the auspices of the Council for Mutual Economic Assistance (CMEA).[79] These will include certain types of machine tools and small ships and boats (1,000-5,000 GRT). However, the announcement of the 1965 targets also mentioned, as priority requirements, the expansion of capacity for manufacture of equipment for the chemicals, textiles, food and mining industries and for land reclamation and irrigation work, spraying and fertilizer-spreading.

In the chemicals branch, the completion of an oil refinery, with a one million tons annual throughput of crude oil, is linked with the intention to establish a petro-chemicals industry and significant production of plastics. The start of synthetic and cellulose fibre production planned for 1961 is intended to develop into a major support of the further growth of textiles manufacturing.[80] The expansion of fertilizer production — announced in 1959 as providing for an increase in application of mineral fertilizers from 45 kg. to 300 kg. per hectare (gross) — is vital for the raising of crop yields without heavy addition to the import bill.

Little capacity expansion is expected in the textiles branches where the emphasis will be on modernization; and the growth of output of consumers' durable goods is intended to cover mainly radios and television sets, motor cycles and furniture, while imports of other products will rise.

A major objective in the food-processing branches is to raise the quality as well as the quantity of production, both for home consumption and for export on an increasing scale. This will involve the improvement of storage and refrigeration facilities for fruit and for meat, extension and re-equipment of wine-making and of fruit-preserving enterprises and a very considerable increase in production of up-to-date packaging materials, glass and plastic containers, etc. According to a communiqué issued after a meeting of the CMEA Council in December 1959,[81] Bulgarian exports of fresh and canned fruits and vegetables to the other member countries are planned to be doubled between 1958 and 1965.

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[76] To the extent that the reorganization resulted in an increase in the number of reporting enterprises, duplication of output would tend to be increased. The Bulgarian Central Statistical Office asks enterprises to report not only actual inputs received from outside the enterprise, output, etc., but also to give such data corrected for any change in the structure of the enterprise since the previous year, so that the effect of such changes may be eliminated from the published production statistics. However, it is clearly difficult to ensure that all necessary corrections of this kind are made. That some increase of duplication may have affected the figures is indicated by, *inter alia*, a rise in gross output of the paper and cellulose branch by 21 per cent but of cellulose and paper (in quantities) by 11 per cent and 9 per cent respectively; gross output of non-ferrous metallurgy rose by 30 per cent, but output of all separately specified products by percentages ranging from 11 to 28.

[77] For data which have become available since this chapter was sent to press, see Chapter II.

[78] A special Soviet credit earmarked for this project was received in July 1958, and additional credits for this and other projects were reported during 1959. It seems that all these amounts may now be incorporated in the credit of $163 million (650 million roubles) announced at the beginning of 1961 (*Rabotnichesko delo*, 1 January 1961).

[79] See the *Bulletin*, Vol. 11, No. 1, pp. 60-65; and the SURVEY for 1959, Chapter III, section 4.

[80] A straw-cellulose plant of 28,000 tons capacity, now under construction, has been set up with the co-operation of eastern Germany.

[81] *Pravda*, 17 December 1959.

7. AGRICULTURE

Gross agricultural output in Bulgaria in 1948 is estimated to have been some 2 per cent higher than on the same area in 1939 — a rather good year. Thereafter gross output fluctuated, falling well below the 1948 level in the next two years and again in 1952, and showing a decisive and sustained improvement only since 1957. However, this improvement has been sufficient to raise the average annual rate of gross output during 1957-1959 to a level nearly one-third higher than immediately before the war (see Table 14).[82]

TABLE 14

Gross agricultural output in Bulgaria in selected pre-war and postwar years [a]

Values in billions of leva at 1955 prices, and index numbers

	Total	Plant production	Animal production
Index numbers, 1948 = 100			
Average 1932-1938 [b]	86	82	94
1939 [b]	98	101	92
1948	100	100	100
Average 1948-1952	95	98	91
Average 1953-1958	113	116	108
1951	116	130	91
1953	117	127	99
1957	122	128	110
1958	123	120	129
1959	145 [c]	151 [c]	135
Values			
1948	12.2	7.8	4.4
1959	17.8 [c]	11.9 [c]	5.9

Sources: Statistical Yearbook 1959 and Pocket Yearbook 1960.

[a] The individual post-1948 years selected are the successive peak years for gross agricultural output.

[b] Adjusted to postwar area. The 1932-1938 average, as given in the source, excludes 1935 which — judging from the data on crop yields available for pre-war Bulgaria — appears to have been a rather good year.

[c] Data "include expenditure on the establishment and maintenance of new plantations".

Plant Production

The 3 per cent increase in the sown area (within virtually unchanged total agricultural and arable areas) which has contributed to the rise of crop production since 1948 has been accompanied by some change in cropping patterns in favour of the higher value products (see Table 15). The total area under cereals fell by 5 per cent between 1948 and 1958; but this reduction was almost equalled by the sowing of 107,000 hectares to silage in the latter year combined with the increase of the area under potatoes and root fodder. The doubling of the area sown to tobacco has permitted a rather greater increase of output, the bulk of which has been exported; and the area under tomatoes and fruit has been more than doubled, also primarily in the interest of higher exports. Sugar-beet production has risen enough to cover growing domestic sugar consumption, with a surplus for export in good years. From 1948 to 1953 the area under cotton was raised from 53,000 hectares to 185,000 with the object of achieving self-sufficiency in raw cotton; but this proved to be an uneconomic use of land, at the stage of irrigation then reached and with the fertilizer supplies then available. The area was therefore subsequently reduced; and Bulgaria continues to import raw cotton, mainly from the Soviet Union and the United Arab Republic, to meet about 50 per cent of total needs.

Yields of most crops have fluctuated widely during the postwar period. The data in Table 15 (like those in Table 14) cover each post-1948 peak year for plant production in general, as well as the year in which the yield of each of the specified crops reached its individual peak. They indicate a decisive improvement of yields of wheat, sunflower seeds and tomatoes; and yields of maize and sugar-beet have also risen, though with wide year-to-year fluctuations which, even in the later years, have occasionally carried them below the — certainly good — 1939 level.[83] The extension of the cotton and tobacco acreage to less naturally suitable land brought a fall in yields below the immediate pre-war level until rising fertilizer supplies and more irrigation (and for cotton a reduction in the sown area) contributed to a noticeable improvement after 1956. But cotton yields have surpassed the 1939 level only in 1957 and tobacco yields in no postwar year.

The improvement in wheat yields in Bulgaria during the fifties compares well with that achieved in most other eastern European countries; and the absolute level reached by 1958-1959 was higher than in Albania, Hungary, Poland, Rumania or the Soviet Union. For barley the comparison is similar, but for maize less favourable. The percentage rise in yields of sugar-beet is above that registered in any other eastern European country except Hungary; but the average level now reached remains well below that in any of these countries except Rumania and the Soviet Union. For crop production as a whole the rise in output in Bulgaria during the fifties has been comparable with

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[82] Preliminary indications are that the 1960 results will show a further improvement on those of 1959. Gross output of agriculture represents the sum of gross plant production — including all inputs from other branches of activity but excluding most, if not all, duplication within the sector — and gross animal production similarly calculated. Thus not only inputs from outside agriculture are counted in the gross output of the sector but also home produced fodder, *inter alia*, is counted twice, as output of one branch and as an input into the other.

[83] Wheat yields also fell below the 1939 level as late as 1956 (to 12.5 quintals).

TABLE 15

Area, output and yields of some main crops in Bulgaria, 1939 and 1948 to 1959

Quantities, areas in thousands of hectares, and index numbers

Commodity	Total production					Yields in quintals per hectare							Area sown in 1958	
	Thousands of tons	Index numbers, 1948 = 100											Thousand ha	Index numbers 1948 = 100
	1958	1939	1948	1958	1959	1939	1948	1951	1953	1957	1958	1959		
Wheat	2 328	119	100	138	144	13.1	11.6	16.9	16.4	16.6	16.1	17.3	1 439	98
Maize	872	134	100	109	188	13.6	11.2	17.0	13.8	19.4	12.5	20.2	697	98
Cotton	45	84	100	190	213	6.9	4.5	5.9	4.6	7.0	6.8	6.6	68	129
Tobacco	76	148	100	275	335	9.6	5.9	7.3	5.2	8.3	7.5	8.1	107	205
Sugar-beet	887	42	100	158	259	177	160	192	161	236	144	217	61	175
Sunflower seeds	222	103	100	133	168	9.6	9.0	10.9	10.0	11.2	11.1	11.7	199	110
Fodder roots	286	72	100	202	..	244	206	246	243	278	138	..	19	285
Potatoes	246	86	100	155	266	78	64	121	83	94	68	103	34	180
Tomatoes	461	46	100	485	504	205	200	237	280	257	336	243	12	293
Fruits	1 306	101	100	117	..	..	..	..	..	..	..	..	121	236

Sources : Statistical Yearbook 1959 and Pocket Yearbook 1960.

that registered in Hungary, Poland and Rumania, and the improvement on the pre-war level — by 1957-1959 to about 30 per cent above that of 1939 — greater than in any country of the region apart from the Soviet Union and Albania.[84]

Livestock Production

For the livestock sector, the comparison with rates of growth of output, or of animal numbers, in other eastern European countries is rather less favourable to Bulgaria than is a comparison of plant production. Although milk yields have been trebled since 1948, they are the lowest of any eastern European country other than Albania; and Bulgaria is the only country of the group in which total livestock numbers (in standard units) [85] have fallen — by 9 per cent — from 1948 to 1958. In the latter year they were virtually unchanged as compared with 1939.

The fall in the number of horses has been more than matched by the increase in the tractor park; and the total draught power (tractors, horses and oxen) available to agriculture rose between 1952 and 1957 by about 16 per cent. But the cattle population has also fallen steadily up to the end of 1959, to below the immediate pre-war level; and the sheep flock, though increasing in recent years, has not yet regained its pre-war size. However, the number of pigs, already considerably above the pre-war level in 1948, has more than doubled in the subsequent ten years (see Table 16). An attempt to check the decline in cattle herds was made in 1960 when planned beef procurements were deliberately reduced.

The fall in cattle numbers seems to have been partly a consequence of heavy slaughterings linked with the inadequacy of incentives for farmers to bring livestock into the collectives. For example, during the second wave of collectivization the cattle population was reduced from 1.60 million to 1.44 million, or by 10 per cent, from the end of 1955 to the end of 1957, and the annual output of beef and veal in those two years was 26 per cent greater (in terms of live weight) than in 1955.

The high rate of slaughtering of cattle did not suffice to restore beef production to the 1948 level before 1955; but rising output of pig-meat helped to restore total meat production to that level by 1953. In the subsequent expansion, both the slaughtering of livestock as individual farmers joined collective farms and the killing of young animals in the private ownership of collective farm households must have been an important factor; but pig-meat still contributed 47,000 tons of the 131,000 tons rise in total meat output from 1953 to 1958. The possibility of building up livestock numbers in the private plots was limited by the Collective Farm Statute, which now permits each farm household to own one cow and calf, one or two pigs, 3-5 sheep (more in mountain regions), one or two goats, one ass or mule and unlimited poultry, but uncertainty about fodder supplies has probably been an additional discouraging factor, since in years of poor harvests the collective herds naturally tend to receive a preference in the allocation of fodder from collective stocks.[86]

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[84] See Chapter IV, Section 3.

[85] Conversion factors are those of the FAO.

[86] For example, the average grain fodder allocation to individual households from collective farm stocks was reduced from 534 kg. in 1957 to 174 kg. in 1958 (*Ikonomicheska misl*, No. 2, 1960, p. 17).

TABLE 16

Livestock numbers, and output and yields of animal products in Bulgaria, 1939 and 1948 to 1959

Numbers, quantities and index numbers

Year	Cattle	of which: Cows	Sheep	Pigs	Poultry	Horses
			Thousands [a]			
1959 . .	1 284	509	8 769	2 266	21 666	334
	Index numbers (1948 = 100) [a]					
1939 . .	84	76	97	69	. .	110
1948 . .	100	100	100	100	100	100
1951 . .	91	90	82	98	102	85
1953 . .	89	80	85	133	113	84
1956 . .	86	80	82	136	124	82
1957 . .	80	78	84	185	126	77
1958 . .	76	76	93	190	134	68
1959 . .	72	72	95	210	190	60
	Meat	Milk [b]	Wool	Eggs		
	Quantity produced [c]					
1959 . .	481	1 000	19	959		
	Index numbers of total production [c] *1948 = 100*					
1939 . .	98	91	90	117		
1948 . .	100	100	100	100		
1953 . .	107	83	90	126		
1958 . .	147	131	117	143		
1959 . .	147	136	134	151		
	Annual yields per animal [d]					
1939 . .	. .	450	1.5	73		
1948 . .	. .	403	1.6	74		
1951 . .	. .	408	1.8	76		
1953 . .	. .	465	1.7	75		
1957 . .	. .	922	2.0	77		
1958 . .	. .	1 056	2.3	78		
1959 . .	. .	1 252	2.3	89		

Sources : Statistical Yearbook 1959 and Pocket Yearbook 1960.

[a] End-year data.

[b] Totals cover all milk: yields are of cows' milk only.

[c] Meat and wool in thousands of tons; milk in millions of litres; eggs in millions.

[d] Milk in litres; wool in kilogrammes; numbers of eggs.

Over the whole period 1948 to 1959, a 47 per cent rise in meat output has been achieved at the cost of a 28 per cent reduction in cattle herds, largely compensated by a doubling of the pig population. No data on meat yields are available, but the milk yields shown in Table 16, which regained the pre-war level only in 1953, suggest that yields of beef and veal also must have been held down by poor fodder supplies up to about that date.[87]

The fall in the cattle population was unplanned (the Second Five-year Plan, for example, provided for a rise from 1.6 million to 2.1 million between 1952 and 1957); and greater success in maintaining numbers would probably not have been fully offset by lower yields. In Bulgaria, where 33 per cent of all cattle were still in the individual ownership of collective farm members in 1958 and another 5 per cent on private farms, it certainly cannot be assumed that fodder, and particularly grazing, not used by one cow will automatically serve to nourish another better. However, even in the state and collective herds, where special efforts have been made to improve the breed of cattle and the standard of feeding, the level of milk yields (3,283 litres per cow in state farms and 1,633 in collective herds in 1958 against, for example, 3,306 and 2,380 respectively in Hungary) suggests that care needs to be taken in future to build up animal numbers so far as possible in line with fodder supplies.

Farm Output by Sector of Ownership

Although by 1958 collective and state farms occupied 95 per cent of the agricultural land, the private sector (the private plots of collective farm members, included in the above figure, and private farms) still held 12 per cent of the sown area and contributed 30 per cent of gross agricultural output:

	State farms [a]	*Collective farms*	*Private plots*	*Private farms*
	Percentage shares in 1958			
Sown area	5.0	83.0	7.7	4.3
Gross agricultural output	5.6	64.3	21.3	8.8
of which :				
Animal production . .	8.7	41.2	36.0	14.1
Plant production . . .	3.8	78.3	12.3	5.6

Source : Statistical Yearbook 1959.

[a] Including farms belonging to industrial and trading enterprises etc.

One-third of all the sheep, 38 per cent of the cattle (57 per cent of the cows) and 40 per cent of the pigs were in private ownership; and they produced 52 per cent of the total output of meat and 44 per cent of the milk.

It cannot be assumed, on the basis of these figures, that meat yields among privately-owned livestock (based partly on fodder supplied from the collective stocks) were higher than in the state and collective herds, since slaughterings were certainly heavier in the private sector;[88] and the disparity in milk yields in fact suggests the opposite conclusion. However, in the sphere of plant production also, output per

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[87] The changes in supplies of fodder grain (barley, maize and oats) are indicated by the following figures (in thousands of tons):

1939	*1948*	*Average 1949-1953*	*Average 1954-1956*	*Average 1957-1959*	*1959*
1 640	1 195	1 356	1 708	1 972 *	2 250 *

Sources : Statistical Yearbook 1959 and Pocket Yearbook 1960.

[88] Heavier slaughterings in private than in collective and state herds should not, of course, raise total animal production in the private sector relatively to that in the state and co-operative sector unless animals on the hoof are undervalued relatively to slaughtered beasts. But such an undervaluation is, in fact, quite likely.

hectare is strikingly higher in the private plots and private farms than in the state and co-operative sector.

Part of the explanation lies in the larger number of livestock per hectare on the private plots, and therefore a larger amount of natural manure compensating for the lack of chemical fertilizer; and the average labour input per hectare is also higher on private than on collectively-farmed land. A comparison of the results of the sample survey of collective farms mentioned below with the above figures suggests that labour input per hectare on the private plots must have been at least three times as high as on the collective land; and this has enabled the co-operative farm member to grow a large share of the more labour-intensive — and higher value — crops. For example, 37 per cent of the whole area under vines [89] is in the private plots of collective farm members and another 4 per cent in private farms (compared with their 10 per cent of the total area under fruit of all kinds) and the private plots account for 28 per cent of the total area under vegetables.[90]

Inputs into Agriculture

The prolonged stagnation of farm output up to about 1957 presents a somewhat surprising contrast with the considerable inputs into this sector. During the nine years 1949-1957 total gross investment in agriculture and forestry amounted to 8,337 million leva at 1956 prices [91] or about 19 per cent of the total, being accorded a gradually increasing priority over the period:

Average annual gross fixed investment in agriculture

	1949-1950	*1951-1953*	*1954-1957*
Millions of leva at 1956 prices	433	762	1,297
Percentage of total gross fixed investment	13.2	16.7	21.9

Source : As for Table 18.

This investment effort is estimated to have raised the stock of fixed capital in agriculture — excluding livestock and orchards, and at original cost — from 3.2 billion leva in 1953 to 7.0 billion in 1958. The greater part of investment is centrally planned, and financed by state credit to collective farms; and its distribution has thus been fairly effectively channelled according to the priorities of state policy though, as already noted, investment in livestock has been well below the levels intended.

The possibilities of land reclamation and extension of the cultivated area in Bulgaria were rather small, but the sown area was increased by 2 per cent between 1948 and 1959, mainly as a result of melioration work and improvements in crop rotation which permitted a reduction of fallow. Irrigation was considerably extended; and the area supplied with an irrigation network has been increased as follows:

	1939	*1948*	*1953*	*1958*	*1959*
Thousands of hectares	33	77	250	450	650

Sources : National statistics and, for 1959, *Zemedelsko zname*, 3 April 1960.

Mechanization has raised the tractor park (in 15-hp. units) from 7,494 in 1949 to 27,721 in 1958 and reduced the number of hectares of arable land per 15-hp. unit from 565 to 151 over the same period. The total draught power available to agriculture rose between 1952 and 1957 by about 16 per cent, as already mentioned, and the share of mechanical power in the total from about 27 per cent in 1952 to well over 50 per cent.[92] Fertilizer supplies have developed as follows:

	Mineral fertilizers				*Natural manure*
	Thousands of tons		*Kg per ha of arable land*		
	Gross	*Pure content*	*Gross*	*Pure content*	Thousands of tons
1948	22	4.6	5.2	1.1	9 879
1951	31	..	7.2	..	8 810
1952	70	19.9	16.1	4.6	9 242
1956	189	..	44.1	..	9 006 [a]
1957	257	70.5	60.7	16.6	[b]
1958	309	79.3	73.4	18.8	[b]
1959	889	202.3	206	47.0	[b]
1960 [c]	565	..	131	..	9 000 [d]

Sources : Direct communication from the Bulgarian Government; Statistical Pocket Yearbook 1960; and *Zemedelsko zname*, 17 December 1960; and 3 January 1961.

[a] 1955.

[b] Probably about constant or falling with declining numbers of horses and cattle.

[c] Preliminary.

[d] Plan for 1961.

The reduction in supplies of natural manure from 1948 to 1960 must have offset about 11,000 tons of the increase in chemical fertilizer (in pure content). The fall in fertilizer application in 1960 has been the result of a cutting-back of the very large purchases from abroad which raised supplies in the previous year; and the 1961 plan provides for only a partial recovery — to 148 kg. (gross) per hectare. Nevertheless, Bulgaria has now reached a level of technique in terms of draught power and of fertilizer application roughly comparable with those of Poland and Hungary.[93]

Training facilities for agronomists, zootechnicians, agricultural engineers, etc. have been created on a considerable scale. Their total number now exceeds 10,000, of whom about 9,000 have been trained in the last 15 years,[94] while the number of technicians with secondary education has been more than trebled since 1953. There are now 6,000 regular students and 1,700 correspondence students in courses for agronomists and forestry engineers, compared with 4,442 and 210 respectively in 1951/52; and more than 1,000 agricultural engineers now graduate each year against 768 in 1948.

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[89] Excluding new plantings not yet bearing fruit.

[90] For details, see Chapter IV, section 3.

[91] Total fixed investment, including natural additions to draught and breeding livestock and to standing timber.

[92] According to official statistics the share was 49 per cent in 1957.

[93] See Chapter IV, section 3.

The question inevitably arises why agricultural output took so long to show a decisive improvement, despite the considerable inputs during the postwar period; and the pattern of investment during these years provides part of the answer. This was concentrated during much of the period on establishing the basis for full-scale collectivization — in the form of buildings for collective farm livestock, administrative services, etc., and mechanization with its concomitant MTS buildings. This mechanization eased the life of the farmer and his family but, in conditions of labour surplus such as existed — and still exist — in Bulgarian agriculture, it could contribute to raising output significantly only to the extent that it was accompanied by increases in other inputs and improvements in technique. Such improvements have been rather slow: for example, major experiments with new strains of wheat, maize, etc. have started only within the last two years or so, though in these two years rapid progress has been made. Much of the investment in irrigation has also been extremely slow to yield substantial benefits, partly because the network has been inefficiently used. It has been stated [95] that out of 600,000 hectares of land equipped with the major elements of an irrigation network in 1959, only 248,100 hectares were effectively irrigated, partly for lack of equipment or because the necessary minor channels had not been dug. Moreover, inadequate technical knowledge has produced problems of defective drainage, salination etc. The very low level of fertilizer supplies up to 1959 has also greatly hampered the improvement of crop production, as fodder deficiency has been one factor hampering livestock production. Official complaints of underutilization of machinery, partly due to lack of spare parts and inadequate attention to repairs and maintenance, have been frequent. Abrupt changes of view about the desirable pattern of output have also at times hindered overall progress, the early campaign for self-sufficiency in cotton and its later reversal providing one example.

How far institutional factors, including the price and procurement systems for agricultural produce, have adversely affected incentives and output is hard to judge. Compulsory delivery quotas, based for some years on the number of livestock owned, certainly discouraged the growth of herds and may at times have led to excessive slaughterings; but fodder supplies are still officially judged to be inadequate for the actual number of beasts. The centralized determination of cropping patterns and delivery quotas was unduly rigid up to 1957, when more scope was given for local initiative — with good results; but compulsory deliveries were finally abandoned only in 1959. The present procurement system rests on centrally-established regional cropping patterns based on plans submitted by farms and local Executive Committees, the latter having the duty of negotiating any adjustments to the original plans desired by the planning authorities. All produce can then be sold to state procurement agencies at a single price which is the same for contracts and for later supplementary sales.[96] A true free market (exhibiting a difference between free-market and contractual-delivery prices) now exists only for fruit and vegetables.

Data on farm prices and farm incomes are available for the period since 1951 or 1952, but not for earlier years. Average procurement prices for wheat and beef rose by 75-80 per cent from 1952 to 1959, the maize price by 57 per cent and prices of wool and sunflower seeds by 140 per cent and 100 per cent respectively.[97] Incomes of collective farmers from work in the collective have fluctuated with the harvests:

Remuneration (in cash and in kind) in leva [a]

	Per labour day	*Per calendar day*	*Per year*
1951	14.0	..	2 590
1952	8.7	..	1 370
1953	10.4	..	1 963
1954	8.9	14.1	1 914
1955	12.7	19.5	2 946
1956	13.1	19.5	2 581
1957	17.5	25.8	3 815
1958	16.8	24.7	3 511
1959	16.1	..	3 600

Sources : Statistical Yearbook, 1959, p. 147; and *Ikonomicheska misl*, No. 9, 1959, p. 61, and direct communication from the Bulgarian Government.
[a] Excluding income from private plots and from ancillary activities.

In considering the real growth of peasant incomes from all sources it has to be remembered that the rise in the labour day incomes shown above was somewhat increased in real value over the period by reductions in retail prices. On the other hand, the value of output from the private plots per collective farm worker (in 1955 prices) fell slightly, from 1,403 leva in 1953 to 1,362 leva in 1958 — possibly reflecting the extension of collectivization to the mountain regions as well as a reduction in the average size of private plots. But the recipients of cash incomes from this source also benefited from the fall in retail prices relatively to farm prices. No information on ancillary incomes, from cottage weaving, etc., is available; but these can hardly have risen.

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[94] *Die Bulgarische Landwirtschaft auf dem weg zum Sozialismus 1944-1959*, Sofia 1959.

[95] *Zemedelsko zname*, 3 April 1960.

[96] Since the nationalization of industry and trade the state is a monopsonist for technical crops and flour mills are, moreover, under state rather than collective farm control.

[97] *Ikonomicheska misl*, No. 1, 1960, p. 33.

Thus real per capita peasant incomes from all sources probably rose rather less fast than labour day income during the fifties. However, supplies of consumers' goods, building materials, etc. to the villages have improved considerably in recent years and the typical collective-farm family has always had ample time to spare for work on its private plot, or in rural handicrafts, brick-making, housebuilding, etc. According to a survey of 49 collective farms in 1957, the average farm family included 2.72 members able to work, of whom 2.2 did some work on the collective land. These 2.2 persons devoted 61 per cent of their labour to the co-operative land, livestock, etc., 18 per cent to the private plots and 21 per cent to non-agricultural activity. In other terms, out of 365 days in a year, an average co-operative farm worker worked 114½ days for the co-operative, 4½ in an MTS, 37 days on his private plot, 40½ days at non-agricultural employment and had 168½ days of voluntary or involuntary leisure.[98] The range of employment in the co-operative from one farm to another in 1957 was very wide — from 350-400 labour days (some 255 calendar days) at one extreme to as little as 100 labour days at the other — in the 3,125 farms surveyed for this purpose. The range of remuneration was equally wide — from 3-9 leva per labour day on 6 per cent of the farms surveyed to over 22 leva on 11 per cent of them.[99]

The fact that the work on the collective farm absorbs a rather small part of the time of the (more than 2) working members in the average farm family is one reason, additional to rising income, for the prosperous appearance of Bulgarian villages which strikes the visitor and, in particular, for the high standard of rural housing. It is estimated that nearly 450,000 new houses have been built in the villages — almost entirely with local materials and labour — since 1950, or the equivalent of 35 per cent of the total number of rural houses existing in 1954.

Plans for the Future

The farm labour situation has been officially summarized as follows:[100] "In 1957 the 1,656,000 able-bodied persons engaged in work in the public sector of the co-operative farms worked 238 million man-days, or less than 150 man-days per annum on the average, while there is not any doubt that most of these men could work at least 250 days per year in the public sector . . . A portion of our population spontaneously looks for a way out of this situation. During the so-called dead season a part of it, mainly the women, is busy with domestic work (weaving, spinning, etc.) while others build houses and co-operative installations, look for work in the auxiliary enterprises of the co-operative farms, in industry, in construction, etc. But all this does not solve the problem."

The idea of mobilizing this reserve labour for irrigation and land melioration work and for extending the production of the more labour-intensive technical crops, vegetables, fruit and livestock products was behind the plans for the " great leap forward " in this field announced in 1959, which was intended nearly to treble the 1957 gross output of agriculture by 1962 and to quadruple it by 1965. Efforts are being made to employ surplus farm labour on land drainage and irrigation, road making, rural building, etc. during the " dead season "; and already in 1959 the average number of labour days worked per farm member had risen by about 20 per cent.

It is now clear that targets for 1962 and 1965, more modest than those announced in 1959, are under consideration; but it is nevertheless reasonable to expect that much of the investment and experimental and educational work already undertaken, as well as new efforts, will contribute to sustaining the growth of output in the future. The apparent completion of the reorganization of agriculture should also improve conditions for further advance. The optimum size for a collective farm is considered by the Bulgarian authorities to be 4,000-5,000 hectares of agricultural land, and the actual average is now within this range — large enough to permit the most economic use of equipment and of scarce managerial and technical skills, to simplify the co-ordination of central policy with regional and local initiative, and also to make possible large-scale production and specialization within each farm (including organization of ancillary industrial activities in units of an economic size) without the necessity for a too violent break with the traditional self-sufficiency of the Bulgarian village.

It is planned considerably to extend the irrigated area, which is expected to reach some 800,000 hectares by the end of 1960 and to cover some 45 per cent of all arable land by the end of 1965. Among other works, the Stalin dam is to irrigate 30,000 hectares of the Sofia plain and a major canal will encircle Sofia itself; and 16 new pumping stations on the Danube are intended to irrigate 20,000 hectares of land by the end of 1963. It is hoped not only thus to raise yields but also to extend double-cropping of irrigated land; and about 400,000 hectares were already double-cropped in 1960.

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[98] *Ikonomicheska misl*, No. 2, 1959, pp. 83 and 86.

[99] Report of the First Secretary of the Bulgarian Communist Party to the National Assembly, 10 March 1959, English edition, pp. 57-58.

[100] *Ibid.*, p. 59.

Over the next five years the wheat area is to be held constant, or even to be reduced as yields rise with the improvement of seeds and increasing application of fertilizers; but the maize area is to be extended to provide fodder for growing, and higher-yielding, livestock numbers. Tobacco production is to be raised, in view of the good export prospects, though it is hoped to do this almost entirely by increasing yields; and the area under sugar-beat will be extended to provide for higher consumption and exports. The cotton area is again to be expanded and should provide for Bulgaria's total needs except for some long-staple cotton. Production of tomatoes, other vegetables, vines and other fruit is to be increased[101] largely for export to other CMEA member countries, but it is hoped to find larger markets elsewhere also; and in general it is hoped to raise the share of exports in total agricultural output.

Nevertheless, it is expected that 100,000 people a year coming from rural areas will enter non-agricultural occupations during the period of the 1961-1965 Plan. Of these, 40,000 will represent the decline in the existing farm labour force and some 60,000 a year will come from the natural increase of the rural population.

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[101] See also Chapter IV.

8. Foreign Trade, Investment and Consumption

External Trade

A drastic reorientation of Bulgarian trade occurred after the end of the war, and the Soviet Union is now as important a supplier and market as were Germany and Austria in the thirties. The other countries of the " eastern trading area " account for about one-quarter of total turnover, and the rest of the world for only some 20 per cent:

Percentage shares in Bulgarian foreign trade

	Exports			*Imports*		
	1948	*1952*	*1958*	*1948*	*1952*	*1958*
Soviet Union . .	52.0	57.2	53.8	58.4	56.9	52.7
Other eastern trade area [a]	22.0	31.8	31.1	23.4	31.3	22.4
Rest of world . .	26.0	11.0	15.1	18.2	11.8	24.9

Source : Vishi Ikonomicheski Institut " Karl Marx ", *Ikonomicheski vazhod na N. R. Bulgaria, 9.II.1944-9.II.1959*, Sofia 1959, p. 136.

[a] Eastern Europe, mainland China, Mongolia, North Korea and North Viet-Nam.

The change in the commodity composition of trade since 1948 is illustrated in Table 17. At the start of the period Bulgaria exported little besides tobacco and foodstuffs (88 per cent of the total) and some metals and ores; but subsequently a significant export trade in textile yarns and fabrics was built up, which accounted for nearly 20 per cent of all exports by 1957, though shipments fell in value in 1958. In general, the share of more highly processed products in every category of exports has increased over the period.

The growth of the engineering industry has served mainly to limit the increase in Bulgaria's needs for imported equipment; but an export trade has also developed which raised such exports to nearly 9 per cent of the total by 1958. Nevertheless, imports of equipment were more than quadrupled in volume between 1948 and 1958; and, since the mid-fifties, imports have regularly provided between 55 per cent and 70 per cent of centrally-planned investment in machinery and equipment. Bulgaria remains dependent on imports also for some 60 per cent of all steel used, for 40 per cent of textile materials (a dependence which, as already noted, it is hoped drastically to reduce in future) and for practically all supplies of petroleum products and coke. Machinery and equipment, fuels and raw materials still account for some 85 per cent of all imports, but the share of consumers' manufactures rose to over 10 per cent by 1958.

According to a Bulgarian calculation,[102] exports absorbed 13½ per cent, and imports were equivalent to 15½ per cent, of domestic (material) product in 1955 (all measured in internal prices). From 1955 to 1958 imports rose in volume by 53 per cent and exports by 69 per cent, while domestic product grew by 24 per cent. Thus the " foreign trade content " of Bulgarian output has further increased; and this has been an important support to the industrial expansion of these years.

As an exporter of predominantly primary products, Bulgaria has shared the common experience of a worsening of the terms of trade during the postwar period. Data both in current and in constant prices have been published only for 1948 and then for the period 1952 to 1958; and these reveal the following developments:

	Index numbers, 1948 = 100				
	1948	*1952*	*1957*	*1958* [a]	*1959* [a]
Imports — value	100	123	259	285	453
volume . . .	100	124	266	302	. .
unit value . .	100	100	97	94	. .
Exports — value	100	138	300	303	377
volume . . .	100	214	495	501	. .
unit value . .	100	65	61	61	. .
Terms of trade	100	65	62	64	. .

Sources : As for Table 17.

[a] Exports include re-exports.

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[102] Communicated to the secretariat by the Bulgarian Government.

TABLE 17

Commodity composition of Bulgarian foreign trade, 1948, 1957 and 1958

Values in millions of dollars at current prices and index numbers of volume

Commodity group	Current values			1958 volume	
	1948	1957	1958	Index numbers 1948 = 100	1952 = 100
Exports					
Total	123.6	370.6	374.8	501	234
Machinery and equipment	0.1	27.6	32.4		827
Fuels, raw materials, semi-manufactures and tobacco	103.9	148	138.7	219	147
of which : Tobacco	90.7	51	..	..	..
Textiles	—	1.3	0.6	..	..
Metals and ores	6.7	14.4	13.1	..	..
Foodstuffs	18.5	92	113.1	1 173	201
Manufactured consumers' goods	1.2	103	90.6	4 444	1 814
of which : Textile fabrics	0.3	72.0	56.0	..	..
Tobacco products	..	11.2	..	..	..
Leather goods and footwear	..	3.2	2.9	..	..
Timber products	0.7	4.4	6.0	..	..
Imports					
Total	128.4	332	366.4	300	242
Machinery and equipment	32.9	99	127.9	420	216
Fuels and raw materials	66.4	172	188.2	244	226
of which : Textiles	12.7	34.4	35.1	..	..
Metals	26.9	61.8	75.3	..	..
Oils and oil products	7.0	19.1	19.7	..	..
Chemical products	12.0	24.3	22.8	..	..
Food products	12.2	22.0	8.5	103	518
Manufactured consumers' goods	16.9	39	41.8	637	596
of which : Metal durable goods	..	8.0	5.6	..	..
Textile fabrics	..	22.8	..	..	..

Sources and methods : See Appendix B.

Thus over the period as a whole Bulgaria has been obliged to quintuple the volume of exports in order to triple its import volume; and practically the whole deterioration in the terms of trade occurred between 1948 and 1952. However, these were the years when Bulgaria was able to utilize the largest volume of external credit; and over the whole four years 1949-1952 the average annual volume of imports was 19 per cent higher than in 1948. The average volume of exports was 61 per cent greater, but exports had covered only two-thirds of imports in 1948.

Published information [103] indicates that Bulgaria was granted credits (at 2-3 per cent interest) amounting to 946 million roubles ($237 million) during 1947-1951, mainly from the Soviet Union. This is the equivalent of rather more than eighteen months imports at the 1952 rate, and at the prices of that year. From 1952 to mid-1955 no substantial new credits were reported, and debt repayments during these years must have constituted a net drain on Bulgarian resources. Indeed there was a visible export surplus in every year from 1952 to 1958 aggregating $227 million.[104] From the middle of 1955 to the end of 1958 new credits amounting to $213 million were negotiated, though repayment of earlier credits and payment for the Soviet shares in the former joint companies (650 million leva, or $96 million, to be paid over ten years starting in 1956) have been an offsetting flow. However, in 1959 Bulgaria was again able to finance a visible trade deficit of $112 million or 19 per cent of imports in that year. It has been stated [105] that medium and long-term credits from the Soviet Union have financed one-quarter of state investment in Bulgaria during 1947-1959; but the basis of this calculation is unclear and no data on the balance of foreign trade in domestic prices over the whole period are available. On 1 January 1961, as noted in section 6 above, a new Soviet credit of 650 million roubles ($163 million) was announced.

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[103] *Planovo stopanstvo*, No. 6, 1958, pp. 77-84; and Bulgarian Telegraphic Agency release of 29 December 1958.

[104] The interpretation of the visible trade surplus or deficit in any year is hampered by the fact that the point of valuation of visible imports and exports has not been stated and that the balance of current invisible transactions is not published. However, it seems probable that Bulgaria normally has an adverse balance on account of transport and other services.

[105] *Soviet News*, 21 September 1960.

TABLE 18

Distribution of gross fixed investment in Bulgaria, 1949 to 1957

Percentages based on values in 1956 prices

	1949	1950	1951	1952	1953	1954	1955	1956	1957	Total 1949 to 1957
Total: in million leva	3 252	3 324	3 929	4 677	5 118	5 530	5 890	5 844	6 475[a]	44 052
Percentage	100	100	100	100	100	100	100	100	100	100
Industry and construction enterprises	37.6	42.9	48.5	44.0	46.2	47.3	47.0	44.9	42.6	44.9
Agriculture and forestry	13.9	12.4	17.8	17.2	15.2	19.1	21.5	25.2	21.4	18.8
Transport and communications	20.6	17.0	10.8	14.2	15.6	10.2	8.6	8.0	7.2	11.6
Trade and catering	2.2	1.6	1.8	4.0	3.8	3.2	2.1	2.1	1.3	2.5
Total "productive" investment	*74.3*	*73.9*	*78.9*	*79.4*	*80.8*	*79.8*	*79.2*	*80.2*	*72.5*	*77.8*
Social and cultural construction	23.1	21.9	15.0	12.4	13.0	17.0	18.6	18.5	26.6	18.6
Administration	2.6	4.2	6.1	8.2	6.2	3.2	2.2	1.3	0.7	3.6

Source: BAN Ikonomicheski Institut; *Petnadeset godini socialistichesko stroitelstvo*, Sofia 1959, pp. 125-163.

NOTE. — These figures are based on material supplied to the author of the quoted source by the Bulgarian Statistical Office; but that office has not itself published any sector distribution of total investment and has indicated to the secretariat that there may be some small errors in the distributions here shown.

[a] Comparable total for 1958 is 8,058.

Investment

The data in Table 10 indicate a very rapid rise in total accumulation (net investment in fixed assets and in stocks and working capital) up to a peak in 1953 from which there was an abrupt descent in 1954. A new rise began in 1957, but the 1953 peak was surpassed only in 1959. The investment drive of the First Five-year Plan resulted in considerable strains in the investment sector itself, with resources becoming too widely dispersed over major slow-yielding projects — a development indicated by the low value of the increase in fixed assets (that is, additions to completed investments) in 1952 and 1953 in relation to total investment. The subsequent relaxation of the pressure was accompanied by some concentration of resources on completing projects already under way, but in 1959 anxiety was again expressed about their too wide dispersion.[106]

The comparable data available on the distribution of fixed investment are shown in Table 18. Industry has absorbed around 45 per cent of resources from 1950 onwards, but the priority accorded to other sectors has changed from time to time. The increased importance attached to investment in agriculture since 1954 is apparent, and housing and other social construction were also accorded an increasing preference from about that date. The distribution of industrial investment has been reviewed in section 6 above.

A new phase of investment activity began with the plans for the "great leap forward" in 1959. Data for that year indicate a rise in total outlays by 60 per cent at current prices (probably not very different from the 1956 prices on which the data in Table 18 are based). Centrally planned investment rose in volume by 44 per cent in industry and by 77 per cent in agriculture and forestry, the latter figure representing *inter alia* the results of a special mobilization of peasant labour for work on irrigation, land reclamation, afforestation and farm building. Nevertheless, the need to provide employment opportunities for a still rapidly growing total labour force, while enabling those under-employed in agriculture gradually to move to other occupations, is alone sufficient to imply a continuing strong priority for industrial investment in the future. Urban housing will require an increasing share of resources, but the housing problem in rural areas has already disappeared.

Consumption

It is not easy to distinguish the trend of consumption in Bulgaria during the postwar period, and particularly during the years of major investment effort and stagnating agricultural output in the late forties and early fifties. The data in Table 10 indicate a steady rise of both personal and collective (material) consumption apart from a brief pause in 1952, to a per capita leve in 1958 more than double that of ten years earlier However, such data are a poor guide to the actua development of living standards. Personal consumption is calculated from retail sales data supplemented by estimates (or returns) of other personal outlays and o income in kind and auto-consumption of farmers and others. Auto-consumption on farms is valued at th average prices of similar products sold to state purchasing agencies or in the market, so that the progressive monetization of the economy tends to inflat the index as an increasing share of consumption i valued at (higher) retail prices. Moreover, some elements of auto-consumption — home weaving, bread-baking, etc. — have never been included within the statistical " area of production " (nor in the " consumption fund " of the national accounts either), so that the replacement of such activities by the use of factory-made textiles and of bread from co-operative bakeries adds statistically to material consumption, whereas in fact the addition to welfare stems mainly from the lessened effort required from the housewife in the home.[107] In sum — and taking into account also the other factors affecting the index of industrial output of consumers' goods discussed in section 6 — the rise in personal consumption shown in the national expenditure accounts includes a rising proportion of, relatively highly valued, industrial processing and distributive services.

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[106] See the SURVEY for 1959, Chapter II, p. 21.

Data on wages and other incomes are little more revealing. Nominal wages rose by 33 per cent between 1948 and 1952; but no data on changes in real wages or in farmers' incomes have been published for this period, though it is known that retail prices rose very sharply in the latter year. Between 1952 and 1958, however, real wages are estimated to have risen by 75 per cent. The average annual labour day dividend in collective farms in 1958 was 35 per cent higher than in 1951 but 2½ times that of 1952 and nearly 80 per cent higher than in 1953. The increases were probably somewhat greater in real terms; but the fall in per capita real income from the private plots must have been a significant offsetting factor (see section 7 above). Over the same period, pensions and other social security incomes have risen; and collective farm members were brought within the pensions scheme in 1957. Total pension payments were 3½ times greater in 1958 than 10 years earlier (and more than 4 times higher by 1959) and they were the equivalent of 13 per cent of the industrial wage bill. Total budget allocations for " social and cultural purposes " rose from 2,149 million leva in 1952 to 3,216 million in 1958.

It is clear from the available data on agricultural output that per capita food consumption, in terms of quantities of basic products, must have stagnated or even fallen between 1948 and 1952; and the figures in Table 19 tend to confirm this impression, suggesting also little increase in consumption of non-food goods. Moreover, family budget data suggest little, if any, improvement on the pre-war standard of food consumption even in the rather good year 1953, though a noticeable improvement is apparent by 1958:

Per capita consumption in kilogrammes per year

	Average 1934-1938	*1953*	*1957*	*1958*
Cereals (flour equivalent)	222.3	192.1	189.0	190.2
Potatoes	8.6	19.2	23.7	24.0
Sugar	2.5	3.1	7.8	9.6
Vegetables	85.7	64.8	88.3	93.0
Fruit	36.8	59.3	90.3	60.3
Meat and meat products, excluding fats	22.4	19.3	28.6	33.4
Eggs (in units)	72	74	98	104
Fish and fish products	1.0	0.8	2.0	1.7
Fresh milk	73.0	32.6	59.4	59.4
Oils and fats, including butter	8.8	10.3	15.2	16.1

Source : Direct communication from the Bulgarian Government.

Incidentally; they show higher levels of per capita consumption of meat, sugar and eggs in 1957 and 1958 than are indicated by the data on " apparent consumption ", and for sugar on retail sales, in Table 19.

However, a major improvement of consumption standards has certainly taken place in the later fifties, when farm output at last began decisively to rise, the investment drive was relaxed and the distribution of

TABLE 19

Per capita domestic supplies or output of certain consumers' goods in Bulgaria 1948, 1952, 1957 and 1958

A — Apparent consumption per capita (output *plus* imports *minus* exports)
B — Retail sales per capita
C — Production per capita

Commodity		Unit	1948	1952	1957	1958
Meat [a]	A	Kilogramme	22.5	19.9	25.6	30.0
Sugar	B		3.6	3.4	5.2	5.4
Milk	C	Litre	103	85	116	124
Cheese	A	Kilogramme	2.4	3.0	4.0	4.7
Eggs	A	Unit	83	77	84	81
Edible oils	C	Kilogramme	3.2	7.2	6.9	8.9
Cotton fabrics	B	Metre	5.8	5.3	9.3	10.0
	A		..	..	14.8	19.7
Woollen fabrics	B		0.46	0.41	0.87	0.89
Footwear	B	Pair	0.25	0.30	0.62	0.70
Radios	C	Unit	—	0.02	0.14	0.17

Sources : Statistical Yearbook 1959 and Pocket Yearbook 1960.

NOTE. — Population figures used are mid-year numbers.

[a] Meat in liveweight (as shown in the quoted sources) converted into meat for consumption on the basis of coefficients published in *Narodnoe khozyaistvo SSSR 1959*, p. 273.

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[107] The progressive monetization of the economy is indicated by the following data, which show retail sales of a number of products rising remarkably faster in the villages than in the towns from 1952 to 1958, even though the urban population must have risen faster than that in rural areas.

Percentage increase in retail sales 1952 to 1958

	In villages	*In towns*
Meat	400	69
Rice	300	46
Cheese	711	73
Fresh vegetables	113	−12
Edible oils	145	35
Cotton textiles	105	96
Footwear	263	129

Source : Statistical Yearbook 1959.

investment changed somewhat in favour of the consumer-goods industries and housing and social amenities. After 1956 considerable state credits were made available for co-operative construction of dwellings (rising from 20 million leva in that year to 300 million in 1959) and improving supplies of building materials supported both urban construction and individual housebuilding in the villages. Not only has an 8 per cent addition to the population been provided with housing between 1948 and 1958 but housing standards, in terms of floor space per capita, have been raised by 15 per cent. This improvement in standards, indicated by the figures below, has so far benefited the urban population less than those in rural areas, where more than half of the newly built houses have replaced old dwellings of poorer quality; but, as noted above, an intensification of urban construction is foreseen for the near future.

Housing stock at the end of the year

Year	*Thousands of dwellings*	*Net floor space in thousand square metres*	*Dwellings per thousand population*	*Net floor space per capita in square metres*
1948	1 630	43 300	227	6.04
1954	1 719	48 457	229	6.49
1956	1 733	51 592	227	6.77
1958	1 824	54 172 *	234	6.97 *
1959	1 874	..	240	..

Sources : SURVEY for 1958, Chapter IV, p. 15; ECE *Annual Bulletin of Housing and Building Statistics for Europe*, 1959, and direct communication from the Bulgarian Government.

Other amenities have also greatly improved. More than 80 per cent of all villages are now supplied with electricity — 3,900 as compared with 650 in 1944. There are 1,319 cinemas and 47 theatres in the country, with 21,283 theatre seats for a population of 7.73 million. Every sizable village has a library or reading room and there are 4,473 in the whole country. The striking increase in medical facilities and in educational opportunities can be seen from the following figures:

	1939	*1948*	*1952*	*1958*
	Number per thousand population			
Doctors	0.50	0.66	0.87	1.33
Hospital beds	1.69	2.58	3.90	4.87
Students in universities and equivalents	1.8	..	4.8	5.5
Secondary school pupils	13.6	25.2	24.1	27.8
Teachers:	*Number per thousand pupils*			
in primary schools	29.1	35.8	38.5	41.9
in secondary schools	40.0	40.4	44.3	53.4

Source : Statistical Yearbook 1959.

NOTE. — Population figures used are for mid-year, others end-year.

Stated aims for the next few years include the gradual raising of the minimum monthly wage from the present 400 leva to 600 (the industrial average in 1958 was 721 leva) together with some raising of the relative salary levels of teachers, doctors and scientific workers; a gradual move towards a 7-hour working day (or a 5-day working week with an 8-hour working day), and further development of electrification, water supply and sanitation, transport, educational, sporting, catering etc. facilities in the villages so as to overcome " the inequality in the cultural development of town and countryside ".[108] In the sphere of consumer-goods production, the erratic growth of retail sales of different products in 1960 — after savings deposits had risen by 1,305 million leva in 1959 — and the special efforts now being made to improve the pattern of supplies of consumers' goods and their distribution,[109] show that the time is now past when the consumer gladly took up whatever was available — itself a sign of improving consumption standards as well as of the need for more effective planning techniques in this field.

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[108] Report referred to in footnote 99 above, pp. 67-74.

[109] See the *Bulletin*, Vol. 12, No. 3, p. 46, and for later data, Chapter II of this SURVEY.

C. — A COMPARISON WITH OTHER EUROPEAN COUNTRIES IN COURSE OF INDUSTRIALIZATION

The foregoing analyses of the postwar economic development of Albania and Bulgaria can be carried one step further by attempting to relate their experience to those of neighbouring countries which were also among the less economically developed in Europe at the end of the last war — Greece, Turkey and Yugoslavia.

A statistical comparison of the efforts made and the results achieved is inevitably difficult, the basic data immediately available being subject to differences of concept, coverage and methods of calculation for which only a rough allowance can, as yet, be made. The following paragraphs attempt to give some indication of the investment rates, pace and patterns of growth of output and growth of foreign trade achieved in these countries, and of the levels of development reached in terms of such summary indicators as per capita consumption of energy and steel and agricultural yields. But no attempt is made to compare consumption standards or their rates of growth — this being one field in which real differences of economic and social structure (for example, in the relative importance in total consumption of state-provided services such as education, health, housing, and recreation, and in the range and structure of personal incomes) lie behind and intensify the differences of concept, valuation etc. that complicate interpretation of the relevant statistics.

Greece, Turkey and Yugoslavia have all, like Albania and Bulgaria, experienced a rapid growth of national income during the postwar period; though only in Yugoslavia — among the first three countries — has this been sufficiently rapid to prevent a widening of the pre-war gap between per capita income levels in these and in the industrialized countries of western Europe.[110] Their experience has been similar to that of Albania and Bulgaria in that industrial output has shown a much faster — and, of course, steadier — rise than has that of agriculture; and everywhere, industrialization has been, and remains, a major aim of government policy.

The Growth of Investment

The investment effort, in terms of the share of national product devoted to domestic capital formation, has been most intense in Yugoslavia,[111] where net domestic capital formation absorbed about 32 per cent of net domestic (material) product at the end of the fifties and rather more over the whole period since 1948; and in Bulgaria the comparable share at the end of the decade was about 25 per cent, and slightly less over the whole period. Comparison with rates in other countries is more difficult. The share of resources devoted to capital formation in Greece amounted to 18½ per cent (gross) of gross national product inclusive of services in 1958, and about 17 per cent during 1950-1958; and in Turkey an estimate of 12 per cent of gross national product devoted to gross fixed investment alone during 1948-1957 probably understates the actual investment effort. A rough allowance for differences in price structures would tend to narrow the gap between the Yugoslav and Bulgarian percentages, but would tend to widen the gap between the figures for these two countries and for Greece and Turkey. However, a correction for the differences of coverage of national income would tend to more than offset this last factor and to narrow the margin between the figures for Yugoslavia and Bulgaria, on the one hand, and Greece and Turkey on the other.[112]

Gross fixed investment has risen faster in the other countries than in Yugoslavia over the decade up to 1958, but mainly because the starting level in that country was exceptionally high.

Country	*Period*	*Percentage increase*	*Annual cummulative percentage rate of growth*
Albania	1948 to 1958	491	19.5
Bulgaria	1948 to 1958	178	10.7
Greece	1949 to 1958	154	10.9
Turkey	1949 to 1955	109	13.1
Yugoslavia	1948 to 1958	54	4.1

Note. — Based on data at prices of 1956 for Albania and Yugoslavia, 1952 for Bulgaria. 1954 for Greece and 1948 for Turkey.

Albania received an extraordinarily large volume of external aid during this period: during the years 1950-1958 it was possible to import more than 2½ times the value of goods exported, and external aid may well have covered something like one-half of domestic fixed investment. Soviet credits are stated to have financed one-quarter of state investment (that is, rather more than 20 per cent of all gross fixed investment) in Bulgaria during 1947-1959. In the other three countries an assessment of the contribution of external resources to domestic development can be made only for more recent years. The current balance-of-payments deficit during 1952-1958 (in some cases financed partly by drawing down foreign exchange reserves as well as by capital imports and foreign aid) amounted to about 4 per cent of gross national product (service inclusive) in Greece, slightly over 1½ per cent in Turkey and 2½ per cent (of gross material product) in Yugoslavia; and the comparable percentages of gross fixed investment would be about 25, 12 and 10. However, in the two last-mentioned countries, these percentages are certainly under-stated, as a result of the under-valuation of imports in domestic prices noted below, and on comparable bases of valuation the differences from the Greek proportion would be narrowed.

However, in most of these countries foreign aid and capital imports were to some extent offset by worsening terms of trade. The contribution of external material resources to domestic development, as measured by the visible import surplus, is shown below:

Exports and imports of goods

Country	*Percentage increase at constant prices*				*Percentage of total imports covered by exports at current prices*	
	1948 to 1958		*1953 to 1958*			
	Exports	*Imports*	*Exports*	*Imports*	*1948-1958*	*1953-1958*
Albania [a] . .	350 [b]	156 [b]	165	96	37.8 [b]	40.2
Bulgaria . .	401	202	97	86	90-95 *	106.7
Greece . . .	138 [c]	59 [c]	50	103	36.1	43.3
Turkey . . .	26	47	—33	—41	75.4	74.5
Yugoslavia .	65	107	100	63	65.5	61.5

[a] All data at current prices.

[b] 1950 to 1958 and, in third column, total 1950-1958.

[c] 1951 to 1958.

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[110] See the Survey for 1959, Chapter VII, section 1. All subsequent statements on these three countries not supported by directly quoted evidence are based on the material in Chapters VII and VIII of that Survey.

[111] Leaving out of account Albania, where the very large volume of external aid received reduces the relevance of such a comparison.

[112] The above figures are based on data at current prices for Greece and Turkey and at 1952 prices for Bulgaria and 1956 for Yugoslavia.

TABLE 20

Indicators of industrial growth in five countries

		Albania	Bulgaria	Greece	Turkey	Yugoslavia[a]
		Annual cumulative percentage rates of growth				
Industrial employment[b]	1948 to 1958	13.6[c]	6.3	2.7	4.9[d]	6.2
	1953 to 1958	7.7[e]	6.7	2.1	..	8.9
Industrial output[f]	1948 to 1958	20.6[c]	11.8	8.3	..	8.8
	1953 to 1958	17.7[e]	10.4	9.0	..	13.8
Output per worker[b]	1948 to 1958	9.2[c]	5.1	5.6[g]	..	2.5
	1953 to 1958	8.6[e]	3.5	6.8	..	4.6
		Apparent consumption per capita				
All primary energy — tons of standard fuel[h]	1948	0.10[i]	0.26	0.25[i]	0.19[i]	0.63[i]
	1958	0.47	0.70	0.36	0.29	0.80
Electricity[j]—kWh	1948	17.6[i]	77	66	34	126
	1958	99	391	210	89	390
Crude steel[k]—kilogrammes	1948	—	23	10	10	37[i]
	1958	—	72	37	11	69
Cement—kilogrammes	1948	13[i]	50	34	22	53[l]
	1958	52	107	152	59	87

Sources : National statistics.

[a] All data exclude handicrafts.

[b] Workers, employees and self-employed in Bulgaria and Yugoslavia; workers and employees in the state sector only in Albania (i.e. not fully comparable with output data); workers, employees, self-employed and family helpers in Greece and Turkey.

[c] 1950 to 1958.

[d] 1950 to 1955.

[e] 1955 to 1958.

[f] Gross value-added in Greece and Turkey (at 1954 prices) and in Yugoslavia (at 1956 prices); net value-added in Albania and Bulgaria (at prices of 1956 and 1939 respectively).

[g] 1949 to 1958.

[h] 7,000 Mcal.

[i] 1950.

[j] Electricity generated.

[k] Crude-steel equivalent of crude and finished steel.

[l] 1950/51.

Thus all these countries, except Turkey and Yugoslavia, have been obliged greatly to raise the volume of exports relatively to that of imports over the years since 1948; but all have nevertheless been able to finance a visible import surplus of considerable proportions during this period. It is incidentally of some interest to note that in 1957/58 commodity imports accounted for about 19 per cent of (service inclusive) gross national product in Greece, 4 per cent in Turkey (6-10 per cent in earlier years), about 10 per cent of gross *material* product in Yugoslavia and probably about 18 per cent in Bulgaria. The percentages for Turkey and Yugoslavia are certainly under-stated relatively to that for Bulgaria, since they are based on foreign exchange values of imports converted to domestic values at unitary exchange rates instead of at the multiple rates actually in force in those countries. The Yugoslav percentage, for example, would probably be nearer to 15 at true domestic prices. Moreover, Greece and Turkey would each show a considerably higher " import content " of material product alone. On balance, it seems fairly certain that calculations based on comparable definitions would show, among these four countries, the highest import content of output in Greece followed by Bulgaria and Yugoslavia — probably with rather similar proportions — and then by Turkey.

Industrialization

The share of industry in gross fixed investment during the fifties (and *a fortiori* the rate of investment in industry) has been much higher in Albania, Bulgaria and Yugoslavia than in Greece or Turkey — 40-50 per cent in the first three countries, 26 per cent in Greece and 20 per cent in Turkey,[113] and the rates of growth of industrial employment and output shown in Table 20 reflect these differences to some extent, though not very closely.[114]

Energy consumption has risen fast in all these countries — at annual rates during the fifties of about 7 per cent in Turkey, 7½ per cent in Greece, 9½ per cent in Yugoslavia, 11½ per cent in Bulgaria and even faster in Albania; but per capita consumption, even in the countries where it is highest, remains at about one-fourth of the level in the industrialized countries of western Europe or of the eastern European average. Per capita consumption of steel has reached a level around 70 kg a year in Yugoslavia and Bulgaria against 200-300 kg in industrialized western Europe.

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[113] Albanian data are available only for five years — 1950 and 1955-1958, and the share in the aggregate for these years was 45 per cent; the Turkish data cover the years 1950-1955.

[114] The comparisons are, of course, affected by the base year chosen for pricing industrial output (see Table 20, footnote *f*).

Cement consumption per capita — a reflection of construction activity — is now highest in Greece, followed by Bulgaria and Yugoslavia; but even in Greece it is still only about one-third of the level in the industrialized countries of western Europe.

It is not easy to summarize the differences and similarities in patterns of industrial development. In Albania, only a relatively early stage has so far been reached, based mainly on the development — and gradually increasing processing — of domestic mineral and timber resources, the expansion of energy supplies, and the expansion and modernization of the food- and tobacco-processing and the textiles and clothing branches. Mining and metal-making have expanded fast in the other countries also, as has the output of the traditional textiles, clothing and food-processing industries. However, only in Turkey have these traditional branches retained their relative importance during the postwar period. In that country the textiles and clothing branches still account for about 40 per cent of industrial employment, against about 30 per cent in Greece, 26 per cent in Bulgaria and 13 per cent in Yugoslavia; and the food- and tobacco-processing branches also have retained their importance in Turkey and have declined in relative importance less in Bulgaria than elsewhere. The " newer " metal-using industries (excluding handicraft production) account for 22 per cent of industrial output in Yugoslavia, for 10 per cent in Greece, and for about 10 per cent of output (gross of material inputs) in Bulgaria.[115] On balance, industrial diversification seems to have gone furthest in Yugoslavia; but Bulgaria has been able to continue to develop the food-processing, and to a lesser extent textiles, branches on the basis of virtually guaranteed export markets — an assurance not available to the other countries (apart from Albania) which still remain heavily dependent on these industries.

TABLE 21

Agricultural yields in five countries, average 1957-1959

	Albania	Bulgaria	Greece	Turkey	Yugoslavia
Quintals per hectare of sown area, or litres per cow	[a]				
Wheat	10.7	16.7	15.7	11.1	15.9
Maize	11.9	17.4	12.2	12.6	21.5
Barley	8.4	18.8	12.8	13.1	14.0
Sugar-beet . . .	154.6	199	..	158 [a]	252
Tobacco	6.4	8.0	8.1	7.2	9.4
Cotton	7.3	6.8	12.2	7.5	6.5
Milk	655	1 077	947 [b]	402 [b]	1 108
Index numbers, 1948-1950 = 100	[c]				
Wheat	110	167	156	128	126
Maize	135	181	136	106	148
Barley	86	185	129	132	135
Sugar-beet . . .	343	159	..	99 [a]	195
Tobacco	178	131	145	104	125
Cotton	166	166	134	101	224
Milk	..	265	94 [b]	96 [b]	115 [d]

Sources : As for Chapter III, Table 2, and Chapter IV, Table 10.

[a] 1957-1958.
[b] 1957.
[c] 1957-1958 index, 1950 = 100.
[d] 1949-1950 = 100.

Agricultural Development

Albania and Bulgaria are similar to the neighbouring countries in the scope still remaining for improvements in agricultural efficiency, and in their need to provide rapidly expanding opportunities for alternative employment that will permit a continuing exodus of under-employed workers from agriculture. Under-employment in agriculture is estimated at about 30 per cent of the labour force in Turkey and 35 per cent in Greece. In Yugoslavia it is considered that the existing agricultural labour force of 4.9 million should be reduced by roughly 80,000 a year in the next few years. In Bulgaria it is hoped to reduce the present labour force of nearly 3 million in agriculture and forestry by 40,000 a year over the next 10 years; but this will only alleviate, and by no means eliminate, under-employment in the countryside. The present share of the working population in agriculture is highest in Albania and Turkey (about 80 per cent) followed by 70 per cent in Bulgaria, over 55 per cent in Yugoslavia and 45 per cent in Greece.[116]

Agricultural investment absorbed about 19 per cent of total gross fixed investment in Bulgaria during 1949-1957, some 10 per cent in Yugoslavia over a similar period, 8 per cent in Greece, and 11 per cent in Turkey.[117] The following data indicate the rise in some important physical inputs:

	Fertilizer in kg of pure content per hectare of arable land		*Number of tractors per 1,000 hectares of arable land at end of year*	
	1948	*1958*	*1948*	*1958*
Albania	..	(23.3 [a])	..	4.4
Bulgaria	1.1	18.8	1.2	4.2
Greece	11.2	37.9	1.0	5.2
Turkey	0.4	1.1	0.1	1.7
Yugoslavia . . .	2.4	26.3	0.8 [b]	3.5

[a] Gross weight, state sector only.
[b] 1950.

In Turkey the arable area was expanded by 50 per cent between 1948 and 1955 (largely at the expense of grazings and forests), and in Albania the increase over the postwar period has been similar; but elsewhere the changes have been small. Irrigation and land melioration work has been extensive in Albania, where postwar works have covered the equivalent of more than 20 per cent of the sown area, and in Bulgaria where the irrigated area is now about 10 times as large as in 1948 and 15 per cent of the arable area. In Greece 2-3 per cent of the arable area has been newly irrigated, and just over 1 per cent in Yugoslavia. Efforts to improve educational and advisory services and to raise the level of technique, by means of improved seeds, deeper ploughing etc., have been most intense in Yugoslavia and Bulgaria, and considerable in Greece.

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[115] Shares in industrial employment are about 10 per cent (15½ per cent including handicraft output) in Bulgaria, 17 per cent in Yugoslavia and about 20 per cent in Greece and Turkey.

[116] Differences of definition of activity of women in agriculture affect the share of the sector in total employment. The share of women in total agricultural employment is 55 per cent in Turkey, 40 per cent in Yugoslavia, and 50 per cent in Bulgaria.

[117] Years covered are 1952-1958 for Greece and 1950-1955 for Turkey.

As a result of these efforts output has risen as follows:

	Gross agricultural output		of which : *Animal production*	
	Index numbers 1950-1953 = 100 [a]			
	Pre-war	*1956-1959*	*Pre-war*	*1956-1959*
Albania	84	138	100	117
Bulgaria	95	120	100	127
Greece	95	139	127	162
Turkey	75	133	88	112
Yugoslavia . . .	110 *	145	108 *	142

The rise in output in Turkey has been very largely due to the extension of the sown area, since yields have risen little; but elsewhere there have been considerable improvements. In terms of the absolute levels now reached, Bulgaria and Yugoslavia seem generally to lead the other countries, with Albania and Turkey still far behind (see Table 21). However, when it is remembered that the postwar growth of output in Yugoslavia, and in the livestock sector in Greece, have to some extent represented a recovery of ground lost during the war, the rates of postwar expansion elsewhere compare more favourably with the rates in these two countries. Nevertheless, a glance at yields in the industrialized countries of western Europe, as shown in Chapter III, Table 2, is sufficient to indicate the scope still remaining for improvements in technical efficiency in all the countries discussed above.

Notes to table opposite

Note. — Data are based on final commodity output (excluding double counting of domestically produced fodder and seed) for Greece, Turkey and Yugoslavia (see Chapter III, Table 1), and on global output (including such double counting) for Albania and Bulgaria.

[a] For Greece and Turkey data are for agricultural years 1934/35-1938/39, 1949/50-1952/53 and 1956/57-1958/59, and for Albania 1937/38, 1949/50 and 1954/55-1957/58. For all other countries pre-war data are for 1939.

Appendix A

SUPPLEMENTARY STATISTICS

TABLE I

Trade of western Europe[a] and North America with overseas primary-producing areas by main commodity groups in 1959

Millions of current dollars

Reporting areas / as of origin and tination and commodity groups	European Economic Community						European Free Trade Association[b]				Other OEEC[b] countries		Total of western European countries listed		United States and Canada		Total of countries listed	
	Total		Western Germany		France		Total		United Kingdom									
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
LATIN AMERICA																		
— Agriculture, fishing, forestry	**1 162.7**	**33.1**	**493.4**	**2.5**	**199.9**	**13.3**	**768.6**	**28.4**	**557.7**	**7.9**	**36.6**	**6.5**	**1 967.9**	**68.0**	**2 095.4**	**362.5**	**4 063.3**	**430.5**
A. Food (natural) and tobacco, raw	843.7	24.3	365.0	2.0	133.9	9.5	641.2	22.8	458.7	4.9	33.4	6.2	1 518.3	53.3	1 918.5	308.2	3 436.8	361.5
(a) Meat, livestock and dairy products	69.7	7.6	27.8	—	4.2	1.0	158.5	6.7	156.3	0.4	5.1	1.5	233.3	15.7	68.7	46.7	302.0	62.5
(b) Fish, fresh	0.6	3.4	—	—	0.4	3.4	—	10.8	—	0.8	—	1.8	0.6	16.0	61.6	11.8	62.2	27.8
(c) Cereals	141.4	4.3	39.9	—	2.5	3.2	66.9	0.2	46.2	—	4.5	2.5	212.8	7.0	2.6	154.2	215.4	161.2
(d) Fruits and vegetables, fresh and dry	129.5	8.0	65.3	1.7	47.7	1.4	80.2	1.2	59.9	—	1.1	0.1	210.8	9.3	162.2	47.8	373.0	57.1
(e) Sugar	60.6	—	10.0	—	36.0	—	136.7	0.9	130.1	0.9	13.2	—	210.5	0.9	450.5	11.2	661.0	12.1
(f) Coffee, cocoa, spices	334.6	0.5	179.6	0.3	34.6	—	142.6	2.8	31.9	2.8	5.8	—	483.0	3.3	1 131.7	0.6	1 614.7	3.9
(g) Feeding-stuff for animals	90.9	0.5	35.9	—	7.0	0.5	52.6	0.2	34.0	—	3.7	—	147.2	0.7	12.8	18.1	160.0	18.8
(h) Tobacco, unmanufactured	16.4	—	6.5	—	1.5	—	3.7	—	0.3	—	—	0.3	20.1	0.3	28.4	17.8	48.5	18.1
B. Crude agricultural materials	319.0	8.8	128.4	0.5	66.0	3.8	127.4	5.6	99.0	3.0	3.2	0.3	449.6	14.7	176.9	54.3	626.5	69.0
(a) Hides, skins and fur skins, undressed	57.5	0.1	24.6	—	12.7	0.1	13.5	—	9.0	—	0.8	—	71.8	0.1	18.9	7.2	90.7	7.3
(b) Oil-seeds, oil nuts and oil kernels	2.8	—	2.3	—	—	—	0.3	—	0.3	—	—	—	3.1	—	3.9	3.2	7.0	3.2
(c) Crude rubber	1.2	0.7	—	0.4	—	—	1.4	0.2	1.4	0.2	—	—	2.6	0.9	1.8	20.9	4.4	21.8
(d) Wood and cork, raw	1.5	—	0.6	—	0.2	—	2.3	2.0	1.3	—	—	—	3.8	2.0	4.4	1.5	8.2	3.5
(e) Textile fibres and waste	247.3	5.7	98.0	—	50.9	3.3	104.9	3.1	83.3	2.8	—	0.3	352.2	9.1	132.0	14.7	484.2	23.8
(f) Animal and vegetable crude materials, inedible	8.7	2.3	2.9	0.1	2.2	0.4	5.0	0.3	3.7	—	2.4	—	16.1	2.6	15.9	6.8	32.0	9.4
— Mining	**265.2**	**3.4**	**123.3**	**2.4**	**58.7**	**0.1**	**269.3**	**2.3**	**252.5**	**1.9**	**0.3**	—	**534.8**	**5.7**	**1 251.0**	**62.9**	**1 785.8**	**68.6**
(a) Crude fertilizers and crude minerals	11.7	0.9	1.4	0.3	4.9	—	8.3	1.2	4.8	0.8	0.3	—	20.3	2.1	57.1	22.0	77.4	24.1
(b) Metalliferous ores and metal scrap	80.6	—	63.2	—	2.5	—	78.9	0.4	76.9	0.4	—	—	159.5	0.4	426.9	16.5	586.4	16.9
of which : Iron ore and concentrates	*55.2*	—	*45.7*	—	*0.9*	—	*34.3*	—	*34.3*	—	—	—	*89.5*	—	*169.5*	—	*259.0*	—
(c) Mineral fuels and related materials	172.9	2.5	58.7	2.1	51.3	0.1	182.1	0.7	170.8	0.7	—	—	355.0	3.2	767.0	24.4	1 122.0	27.6
— Manufacturing	**318.9**	**1 524.0**	**193.7**	**705.8**	**37.4**	**270.7**	**523.5**	**894.7**	**384.4**	**669.9**	**7.0**	**1.1**	**849.4**	**2 419.8**	**989.0**	**3 127.8**	**1 838.4**	**5 547.6**
A. Food	64.4	62.6	27.8	2.5	18.7	17.5	88.4	54.8	80.3	33.5	0.2	0.6	153.0	118.0	120.1	236.6	273.1	354.6
(d) Food, processed	24.1	45.2	10.2	1.5	5.8	9.0	57.3	28.0	55.0	8.7	—	0.4	81.4	73.6	80.8	174.7	162.2	248.3
(b) Beverages and tobacco manufactures	7.6	12.7	0.8	0.8	6.7	7.5	7.7	24.2	7.7	23.6	—	0.2	15.3	37.1	8.5	31.9	23.8	69.0
(c) Animal and vegetable oils and fats	32.7	4.7	16.8	0.2	6.2	1.0	23.4	2.6	17.6	1.2	0.2	—	56.3	7.3	30.8	30.0	87.1	37.3
B. Wood	8.4	11.2	6.1	6.1	0.1	3.4	15.9	6.7	15.9	4.9	—	—	24.3	17.9	22.0	36.5	46.3	54.4
C. Pulp, paper	—	9.8	—	4.6	—	1.9	—	55.8	—	6.5	—	—	—	65.6	0.4	124.3	0.4	189.9
D. Textiles, clothing	0.6	39.6	0.3	10.4	0.2	12.8	1.6	36.5	1.2	32.3	—	—	2.2	76.1	26.5	147.3	28.7	223.4
(a) Textile yarn and thread	0.4	13.1	0.3	3.2	—	3.3	—	8.0	—	5.8	—	—	0.4	21.1	1.8	34.2	2.2	55.3
(b) Textile fabrics of standard type	—	12.7	—	4.0	—	3.3	0.8	18.8	0.4	18.3	—	—	0.8	31.5	2.6	59.5	3.4	91.0
(c) Other textile fabrics	0.2	6.9	—	2.0	0.2	2.7	—	6.7	—	5.3	—	—	0.2	13.6	20.6	27.2	20.8	40.8
(d) Clothing	—	6.9	—	1.2	—	3.5	0.8	3.0	0.8	2.9	—	—	0.8	9.9	1.5	26.4	2.3	36.3
E. Leather, fur and rubber	0.7	17.2	0.2	8.3	0.1	5.9	0.8	15.8	0.8	15.4	—	—	1.5	33.0	9.7	46.4	11.2	79.4
(a) Leather, leather manufactures and dressed furs	0.7	5.6	0.2	2.8	0.1	1.2	0.6	1.3	0.6	0.9	—	—	1.3	6.9	6.6	4.8	7.9	11.7
(b) Rubber manufactures	—	7.6	—	4.5	—	2.3	0.1	8.8	0.1	8.8	—	—	0.1	16.4	—	34.8	0.1	51.2
(c) Travel goods, fur clothing and footwear	—	4.0	—	1.0	—	2.4	0.1	5.7	0.1	5.7	—	—	0.1	9.7	3.1	6.8	3.2	16.5
F. Stone, glass, pottery	—	28.0	—	12.5	—	5.0	—	13.4	—	11.8	—	—	—	41.4	7.3	46.9	7.3	88.3
(a) Building materials	—	22.3	—	9.2	—	4.0	—	10.4	—	8.8	—	—	—	32.7	7.0	31.2	7.0	63.9
(b) Glassware and pottery	—	5.7	—	3.3	—	1.0	—	3.0	—	3.0	—	—	—	8.7	0.3	15.7	0.3	24.4
G. Chemicals	81.8	194.7	35.5	106.3	11.6	33.0	333.0	100.0	213.5	89.8	6.3	0.2	421.1	294.9	713.4	508.7	1 134.5	803.6
(a) Synthetic fibres	—	1.5	—	1.1	—	0.1	—	1.6	—	1.4	—	—	—	3.1	2.5	1.8	2.5	4.9
(b) Petroleum products	56.3	11.4	26.2	—	7.5	0.8	313.4	13.2	203.8	13.2	6.2	—	375.9	24.6	640.2	86.4	1 016.1	111.0
(c) Mineral chemicals	7.6	84.7	4.6	47.6	1.3	12.7	11.4	26.0	2.7	20.3	—	—	19.0	110.7	42.0	133.9	61.0	244.6
(d) Dyeing, tanning and colouring materials	5.0	14.0	2.1	10.4	1.2	2.0	1.8	9.2	1.2	8.5	0.1	—	6.9	23.2	12.5	28.8	19.4	52.0
(e) Medicinal and pharmaceutical products	7.3	29.2	—	19.1	—	3.7	0.9	10.8	0.6	9.4	—	—	8.2	40.0	3.7	122.8	11.9	162.8
(f) Essential oils, perfumes, soap, etc.	1.4	10.2	0.3	1.4	1.0	8.1	1.6	9.1	1.6	9.0	—	—	3.0	19.3	4.4	28.7	7.4	48.0
(g) Explosives and miscellaneous chemical products	4.2	43.7	2.3	26.7	0.6	5.6	3.9	30.1	3.6	28.0	—	0.2	8.1	74.0	8.1	106.3	16.2	180.3
H. Base metals	136.0	288.5	106.7	110.7	3.4	66.1	74.2	114.2	64.7	84.4	0.5	—	210.7	402.7	74.5	171.4	285.2	574.1
(a) Iron and steel	—	265.0	—	99.9	—	64.6	—	99.1	—	76.4	0.5	—	0.5	364.1	4.9	137.4	5.4	501.5
(b) Non-ferrous base metals	136.0	23.5	106.7	10.8	3.4	1.5	74.2	15.1	64.7	8.0	—	—	210.2	38.6	69.6	34.0	279.8	72.6
of which : Copper	*124.5*	*14.4*	*101.3*	*8.9*	*3.4*	*0.4*	*65.7*	*4.2*	*59.6*	*3.4*	—	—	*190.2*	*18.6*	*36.7*	*11.9*	*226.9*	*30.5*
Aluminium	—	*4.8*	—	*0.9*	—	*1.0*	—	*5.9*	—	*3.4*	—	—	—	*10.7*	—	*17.6*	—	*28.3*
Tin	—	—	—	—	—	—	—	*1.4*	—	*1.0*	—	—	—	*1.4*	*0.7*	*1.2*	*0.7*	*2.6*
I. Metal products	6.1	831.8	—	421.2	—	120.1	6.7	481.0	5.2	377.6	—	0.3	12.8	1 313.1	5.2	1 710.6	18.0	3 023.7
(a) Manufactures of metals	0.2	117.8	—	50.5	—	17.7	0.1	46.7	—	33.9	—	—	0.3	164.5	1.6	104.1	1.9	268.6
(b) Machinery other than electric	—	304.7	—	165.6	—	40.9	3.5	171.6	3.5	130.1	—	—	3.5	476.3	1.2	819.3	4.7	1 295.6
(c) Electric machinery and appliances	—	121.5	—	64.3	—	14.1	0.8	71.1	0.8	49.9	—	0.2	0.8	192.8	0.2	224.1	1.0	416.9
(d) Transport equipment	5.9	255.2	—	115.0	—	44.2	2.0	183.1	0.6	155.8	—	0.1	7.9	438.4	1.1	508.6	9.0	947.0
of which : Road motor vehicles	—	*152.5*	—	*101.9*	—	*27.4*	—	*67.2*	—	*60.3*	—	*0.1*	—	*219.8*	—	*404.5*	—	*624.3*
Ships and boats	*5.9*	*75.0*	—	*6.8*	—	*8.0*	*1.4*	*52.7*	—	*6.1*	—	—	*7.3*	*127.7*	—	*23.9*	*7.3*	*151.6*
(e) Other manufactures of metals	—	32.6	—	25.8	—	3.2	0.3	8.5	0.3	7.9	—	—	0.3	41.1	1.1	54.5	1.4	95.6
J. Miscellaneous	20.9	40.6	17.1	23.2	3.3	5.0	2.9	16.5	2.8	13.7	—	—	23.8	57.1	9.9	99.1	33.7	156.2
— Other	**1.8**	**3.7**	**1.6**	—	—	**1.9**	**0.5**	**12.8**	**0.5**	**12.8**	—	—	**2.3**	**16.5**	**65.0**	**79.7**	**67.3**	**96.2**
Total	**1 748.6**	**1 564.2**	**812.0**	**710.7**	**296.0**	**286.0**	**1 561.9**	**938.2**	**1 195.1**	**692.5**	**43.9**	**7.6**	**3 354.4**	**2 510.0**	**4 400.4**	**3 632.9**	**7 754.8**	**6 142.9**

Sources and methods : See Appendix B.

[a] OEEC member countries excluding Switzerland.

[b] Excluding Switzerland.

TABLE I (*continued*)

Trade of western Europe[a] and North America with overseas primary-producing areas by main commodity groups in 1959

Millions of current dollars

Reporting areas / Areas of origin and destination and commodity groups	European Economic Community						European Free Trade Association[b]				Other OEEC countries[b]		Total of western European countries listed		United States and Canada		Total of countries listed	
	Total		Western Germany		France		Total		United Kingdom									
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
AFRICA																		
I. — Agriculture, fishing, forestry	**1 432.3**	**202.8**	**371.3**	**1.0**	**676.1**	**161.8**	**828.8**	**66.2**	**674.0**	**36.5**	**21.1**	**6.5**	**2 282.2**	**275.5**	**366.9**	**121.6**	**2 649.1**	**397.1**
A. Food (natural) and tobacco, raw	751.7	187.5	164.6	0.7	417.2	148.9	447.1	55.7	371.0	27.9	12.8	6.2	1 211.6	249.4	244.5	99.0	1 456.1	348.4
(*a*) Meat, livestock and dairy products	7.2	55.3	1.7	—	4.1	49.5	11.0	7.9	11.0	0.7	—	—	18.2	63.2	—	0.4	18.2	63.6
(*b*) Fish, fresh	6.3	3.6	—	—	5.7	2.8	0.6	20.9	0.3	1.7	—	2.8	6.9	27.3	8.7	—	15.6	27.3
(*c*) Cereals	67.6	37.2	16.9	0.3	38.2	21.1	21.3	—	17.6	—	—	0.6	88.9	37.8	—	80.4	88.9	118.2
(*d*) Fruits and vegetables, fresh and dry	212.7	24.5	29.8	0.4	161.6	16.5	83.1	2.0	70.0	0.7	2.1	1.4	297.9	27.9	1.7	0.3	299.6	28.2
(*e*) Sugar	27.7	62.0	—	—	26.3	56.0	70.2	22.2	50.4	22.2	0.8	0.2	98.7	84.4	8.4	0.4	107.1	84.8
(*f*) Coffee, cocoa, spices	370.0	2.7	96.3	—	155.0	1.5	149.1	2.7	117.1	2.6	8.9	—	528.0	5.4	221.3	—	749.3	5.4
(*g*) Feeding-stuff for animals	38.5	1.2	14.1	—	16.2	1.0	42.5	—	32.0	—	0.9	—	81.9	1.2	4.0	—	85.9	1.2
(*h*) Tobacco, unmanufactured	21.7	1.0	5.8	—	10.1	0.5	69.3	—	66.6	—	0.1	1.2	91.1	2.2	0.4	17.5	91.5	19.7
B. Crude agricultural materials	680.6	15.3	206.7	0.3	258.9	12.9	381.7	10.5	303.0	8.6	8.3	0.3	1 070.6	26.1	122.4	22.6	1 193.0	48.7
(*a*) Hides, skins and fur skins, undressed	57.9	0.2	17.3	—	18.5	0.2	37.9	—	33.3	—	1.8	—	97.6	0.2	16.3	—	113.9	0.2
(*b*) Oil-seeds, oil nuts and oil kernels	220.0	6.2	41.4	—	102.8	5.6	118.2	0.7	96.0	—	3.2	0.1	341.4	7.0	0.7	2.8	342.1	9.8
(*c*) Crude rubber	24.5	0.3	10.5	—	6.4	0.1	16.1	0.4	15.2	0.4	0.1	—	40.7	0.7	49.7	5.6	90.4	6.3
(*d*) Wood and cork, raw	108.3	2.5	50.9	—	33.7	2.5	24.3	1.0	16.6	—	—	—	132.6	3.5	2.6	0.2	135.2	3.7
(*e*) Textile fibres and waste	243.1	2.2	78.6	—	86.3	1.3	166.9	7.9	124.6	7.8	3.2	—	413.2	10.1	40.6	13.5	453.8	23.6
(*f*) Animal and vegetable crude materials, inedible	26.8	3.9	8.0	0.3	11.2	3.2	18.3	0.5	17.3	0.4	—	0.2	45.1	4.6	12.5	0.5	57.6	5.1
II. — Mining	**297.2**	**14.1**	**57.5**	**1.6**	**110.9**	**10.5**	**162.8**	**5.0**	**135.8**	**4.8**	**4.6**	**0.4**	**464.6**	**19.5**	**115.2**	**4.2**	**579.8**	**23.7**
(*a*) Crude fertilizers and crude minerals	87.2	4.2	20.1	0.6	32.4	2.2	46.8	4.3	30.7	4.1	4.5	—	138.5	8.5	29.1	3.5	167.6	12.0
(*b*) Metalliferous ores and metal scrap	159.5	0.1	37.1	—	45.7	—	107.8	0.3	96.9	0.3	0.1	0.4	267.4	0.8	86.1	0.1	353.5	0.9
of which : Iron ore and concentrates	*45.6*	—	*22.5*	—	*5.3*	—	*53.0*	—	*52.6*	—	—	—	*98.6*	—	*11.4*	*0.1*	*110.0*	*0.1*
(*c*) Mineral fuels and related materials	50.5	9.8	0.3	1.0	32.8	8.3	8.2	0.4	8.2	0.4	—	—	58.7	10.2	—	0.6	58.7	10.8
III. — Manufacturing	**801.5**	**2 460.0**	**88.1**	**471.2**	**432.8**	**1 541.2**	**407.5**	**1 385.6**	**358.4**	**1 160.1**	**1.8**	**1.7**	**1 210.8**	**3 847.3**	**109.5**	**552.4**	**1 320.3**	**4 399.7**
A. Food	426.8	182.7	26.7	13.8	345.5	124.4	131.4	64.0	119.8	40.4	0.8	0.5	559.0	247.2	20.6	83.4	579.6	330.6
(*a*) Food, processed	61.9	120.0	8.7	7.7	47.6	78.3	59.9	28.2	59.0	17.6	—	0.5	121.8	148.7	5.3	52.8	127.1	201.5
(*b*) Beverages and tobacco manufactures	235.9	48.1	0.7	3.5	234.8	35.8	3.7	32.4	3.1	21.9	—	—	239.6	80.5	0.7	12.6	240.3	93.1
(*c*) Animal and vegetable oils and fats	129.0	14.6	17.3	2.6	63.1	10.3	67.8	3.4	57.7	0.9	0.8	—	197.6	18.0	14.6	18.0	212.2	36.0
B. Wood	12.9	50.6	3.5	1.4	6.2	47.2	25.4	31.3	23.9	10.8	0.3	—	38.6	81.9	6.6	12.7	45.2	94.6
C. Pulp, paper	8.2	34.1	0.4	2.1	6.7	27.0	8.3	43.3	8.3	19.6	—	—	16.5	77.4	2.1	20.6	18.6	98.0
D. Textiles, clothing	5.5	338.2	1.8	27.4	2.1	242.9	2.2	154.1	0.6	123.7	0.1	—	7.8	492.3	1.4	38.1	9.2	530.4
(*a*) Textile yarn and thread	2.3	23.9	1.5	2.5	—	14.4	0.9	16.6	—	15.2	—	—	3.2	40.5	0.1	5.1	3.3	45.6
(*b*) Textile fabrics of standard type	0.8	167.7	—	20.0	—	108.2	0.4	93.9	0.2	74.1	0.1	—	1.3	261.6	0.3	21.2	1.6	282.8
(*c*) Other textile fabrics	2.2	51.4	0.3	1.7	1.9	36.2	0.8	29.7	0.3	22.9	—	—	3.0	81.1	0.7	6.1	3.7	87.2
(*d*) Clothing	0.2	95.2	—	3.2	0.2	84.1	0.1	13.9	0.1	11.5	—	—	0.3	109.1	0.3	5.7	0.6	114.8
E. Leather, fur and rubber	5.1	91.7	0.6	9.4	4.4	71.0	2.5	36.7	2.5	31.2	0.1	—	7.7	128.4	—	9.4	7.7	137.8
(*a*) Leather, leather manufactures and dressed furs	4.0	6.6	0.2	1.7	3.8	4.2	2.3	4.1	2.3	4.0	—	—	6.3	10.7	—	4.6	6.3	15.3
(*b*) Rubber manufactures	0.1	48.2	—	6.2	0.1	34.2	0.1	23.7	0.1	20.6	0.1	—	0.3	71.9	—	4.6	0.3	76.5
(*c*) Travel goods, fur clothing and footwear	1.0	36.9	0.4	1.5	0.5	32.6	0.1	8.9	0.1	6.6	—	—	1.1	45.8	—	0.2	1.1	46.0
F. Stone, glass, pottery	0.1	45.5	—	4.8	—	32.4	0.3	33.6	0.3	29.9	0.2	0.3	0.6	79.4	—	2.9	0.6	82.3
(*a*) Building materials	0.1	31.7	—	3.5	—	20.9	0.3	25.6	0.3	23.6	0.2	0.3	0.6	57.6	—	2.4	0.6	60.0
(*b*) Glassware and pottery	—	13.8	—	1.3	—	11.5	—	8.0	—	6.3	—	—	—	21.8	—	0.5	—	22.3
G. Chemicals	19.1	384.3	1.5	42.4	16.1	260.2	10.9	146.8	10.1	124.0	0.1	0.3	30.1	531.4	5.4	64.9	35.5	596.3
(*a*) Synthetic fibres	—	5.0	—	2.7	—	1.5	—	3.9	—	0.6	—	—	—	8.9	—	1.9	—	10.8
(*b*) Petroleum products	0.5	159.6	0.5	1.4	—	116.6	0.4	21.0	0.4	12.9	—	—	0.9	180.6	—	18.5	0.9	199.1
(*c*) Mineral chemicals	5.6	69.7	0.1	15.9	5.1	33.4	3.9	16.1	3.9	12.6	0.1	—	9.6	85.8	0.7	10.6	10.3	96.4
(*d*) Dyeing, tanning and colouring materials	0.9	13.8	0.1	3.3	0.1	9.0	4.9	17.4	4.1	15.9	—	0.1	5.8	31.3	0.3	4.2	6.1	35.5
(*e*) Medicinal and pharmaceutical products	2.4	61.6	0.5	6.6	1.9	47.8	0.2	29.0	0.2	26.1	—	0.2	2.6	90.8	1.8	8.6	4.4	99.4
(*f*) Essential oils, perfumes, soap, etc.	8.7	30.9	0.1	0.4	8.2	29.0	0.7	22.9	0.7	22.3	—	—	9.4	53.8	—	1.6	9.4	55.4
(*g*) Explosives and miscellaneous chemical products	1.0	43.7	0.2	12.1	0.8	22.9	0.8	36.5	0.8	33.6	—	—	1.8	80.2	2.6	19.5	4.4	99.7
H. Base metals	270.7	189.3	51.2	16.3	45.9	129.0	189.0	65.4	171.8	59.6	0.2	0.1	459.9	254.8	58.3	9.7	518.2	264.5
(*a*) Iron and steel	3.1	175.9	1.3	14.3	—	121.7	6.9	53.9	6.8	50.0	—	0.1	10.0	229.9	9.6	7.1	19.6	237.0
(*b*) Non-ferrous base metals	267.6	13.4	49.9	2.0	45.9	7.3	182.1	11.5	165.0	9.6	0.2	—	449.9	24.9	48.7	2.6	498.6	27.5
of which : Copper	*229.8*	*6.1*	*47.9*	*1.2*	*32.2*	*3.3*	*173.0*	*4.0*	*156.4*	*3.9*	*0.2*	—	*403.0*	*10.1*	*14.9*	—	*417.9*	*10.1*
Aluminium	*10.2*	*5.9*	*0.2*	*0.8*	*6.3*	*3.0*	*0.8*	*5.6*	*0.8*	*4.0*	—	—	*11.0*	*11.5*	*4.0*	*2.3*	*15.0*	*13.8*
Tin	*4.4*	*0.6*	—	—	—	*0.3*	—	*0.8*	—	*0.6*	—	—	*4.4*	*1.4*	*1.7*	—	*6.1*	*1.4*
I. Metal products	14.2	1 057.9	1.6	339.0	1.9	547.6	34.8	762.7	18.4	680.7	—	0.4	49.0	1 821.0	1.9	298.0	50.9	2 119.0
(*a*) Manufactures of metals	1.4	133.6	—	25.4	1.3	84.7	1.7	84.0	1.7	73.3	—	—	3.1	217.6	1.0	7.7	4.1	225.3
(*b*) Machinery other than electric	10.3	282.0	—	90.1	0.3	143.9	12.3	237.9	12.3	218.4	—	—	22.6	519.9	—	143.0	22.6	662.9
(*c*) Electric machinery and appliances	0.3	159.3	—	47.9	0.3	87.9	2.1	134.7	2.1	126.1	—	0.1	2.4	294.1	0.9	14.2	3.3	308.3
(*d*) Transport equipment	2.2	437.4	1.6	159.3	—	204.6	17.9	282.4	1.5	240.4	—	0.3	20.1	720.1	—	128.1	20.1	848.2
of which : Road motor vehicles	*0.2*	*295.0*	—	*101.8*	—	*172.8*	—	*157.4*	—	*151.2*	—	—	*0.2*	*452.4*	—	*53.7*	*0.2*	*506.1*
Ships and boats	*1.7*	*90.1*	—	*43.9*	—	*5.4*	*16.5*	*53.9*	—	*19.3*	—	—	*18.2*	*144.0*	—	*65.4*	*18.2*	*209.4*
(*e*) Other manufactures of metals	—	45.6	—	16.3	—	26.5	0.8	23.7	0.8	22.5	—	—	0.8	69.3	—	5.0	0.8	74.3
J. Miscellaneous	38.9	85.7	0.8	14.6	4.0	59.5	2.7	47.7	2.7	40.2	—	0.1	41.6	133.5	13.2	12.7	54.8	146.2
IV. — Other	**4.4**	**29.8**	**0.8**	**0.4**	**3.6**	**27.8**	**1.1**	**41.4**	**1.1**	**41.4**	—	—	**5.5**	**71.2**	**3.4**	**8.7**	**8.9**	**79.9**
Total	2 535.4	2 706.7	517.7	474.2	1 223.4	1 741.3	1 400.2	1 498.2	1 169.3	1 242.8	27.5	8.6	3 963.1	4 213.5	595.0	686.9	4 558.1	4 900.4

Sources and methods : See Appendix B.

[a] OEEC member countries excluding Switzerland.

[b] Excluding Switzerland.

Table I (*continued*)

Trade of western Europe[a] and North America with overseas primary-producing areas by main commodity groups in 1959

Millions of current dollars

Reporting areas / Areas of origin and destination and commodity groups	European Economic Community						European Free Trade Association[b]				Other OEEC[b] countries		Total of western European countries listed		United States and Canada		Total of countries listed	
	Total		Western Germany		France		Total		United Kingdom									
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
ECAFE COUNTRIES																		
I. — Agriculture, fishing, forestry	**510.7**	**5.4**	**216.3**	**0.4**	**124.3**	**1.2**	**718.9**	**30.6**	**620.0**	**29.6**	**29.3**	**0.5**	**1 258.9**	**36.5**	**773.3**	**421.4**	**2 032.2**	**457.9**
A. Food (natural) and tobacco, raw	101.6	3.9	41.8	0.3	13.3	0.9	405.1	13.9	376.4	13.3	20.3	0.5	527.0	18.3	245.5	330.8	772.5	349.1
(a) Meat, livestock and dairy products	—	1.0	—	—	—	0.3	—	1.9	—	1.3	—	0.5	—	3.4	0.1	4.5	0.1	7.9
(b) Fish, fresh	—	—	—	—	—	—	—	0.1	—	0.1	—	—	—	0.1	3.3	—	3.3	0.1
(c) Cereals	17.6	—	3.2	—	8.0	—	3.3	—	3.0	—	0.2	—	21.1	—		290.9	21.1	290.9
(d) Fruits and vegetables, fresh and dry	4.6	2.4	3.3	0.3	0.2	0.4	8.6	0.3	7.1	0.3	0.1	—	13.3	2.7	46.4	4.1	59.7	6.8
(e) Sugar	—	0.4	—	—	—	0.2	1.6	9.0	1.6	9.0	—	—	1.6	9.4	111.9	4.0	113.5	13.4
(f) Coffee, cocoa, spices	38.9	0.1	17.9	—	3.9	—	302.5	2.4	290.5	2.4	20.0	—	361.4	2.5	80.0	0.4	441.4	2.9
(g) Feeding-stuff for animals	16.3	—	9.7	—	1.2	—	53.8	0.2	49.3	0.2	—	—	70.1	0.2	1.2	1.3	71.3	1.5
(h) Tobacco, unmanufactured	24.2	—	7.7	—	—	—	35.3	—	24.9	—	—	—	59.5	—	2.6	25.6	62.1	25.6
B. Crude agricultural materials	409.1	1.5	174.5	0.1	111.0	0.3	313.8	16.7	243.6	16.3	9.0	—	731.9	18.2	527.8	90.6	1 259.7	108.8
(a) Hides, skins and fur skins, undressed	18.5	0.3	13.2	—	3.1	—	12.4	—	10.9	—	—	—	30.9	0.3	24.6	0.4	55.5	0.7
(b) Oil-seeds, oil nuts and oil kernels	60.9	—	34.5	—	3.6	—	34.7	—	11.1	—	0.3	—	95.9	—	67.5	9.4	163.4	9.4
(c) Crude rubber	220.8	—	89.6	—	78.0	—	167.5	0.7	136.6	0.7	4.8	—	393.1	0.7	360.6	3.9	753.7	4.6
(d) Wood and cork, raw	7.4	—	2.3	—	0.4	—	4.4	0.3	1.0	—	—	—	11.8	0.3	1.5	—	13.3	0.3
(e) Textile fibres and waste	81.3	0,8	25.4	—	21.2	0.3	81.1	15.7	70.7	15.6	3.9	—	166.3	16.5	53.0	73.6	219.3	90.1
(f) Animal and vegetable crude materials, inedible	20.2	0.4	9.5	0.1	4.7	—	13.7	—	13.3	—	—	—	33.9	0.4	20.6	3.3	54.5	3.7
II. — Mining	**38.2**	**1.0**	**8.0**	**1.0**	**7.4**	—	**34.6**	**1.0**	**31.6**	**1.0**	—	—	**72.8**	**2.0**	**112.5**	**11.5**	**185.3**	**13.5**
(a) Crude fertilizers and crude minerals	4.8	0.8	2.1	0.8	1.0	—	5.5	0.7	5.2	0.7	—	—	10.3	1.5	9.7	5.9	20.0	7.4
(b) Metalliferous ores and metal scrap	30.4	—	4.4	—	5.1	—	12.0	0.3	9.3	0.3	—	—	42.4	0.3	49.6	5.0	92.0	5.3
of which : Iron ore and concentrates	*1.6*	—	*0.5*	—	—	—	—	—	—	—	—	—	*1.6*	—	*1.5*	—	*3.1*	—
(c) Mineral fuels and related materials	3.0	0.2	1.5	0.2	1.3	—	17.1	—	17.1	—	—	—	20.1	0.2	53.2	0.6	73.3	0.8
III. — Manufacturing	**135.6**	**836.7**	**58.7**	**457.3**	**11.2**	**134.0**	**308.6**	**1 120.3**	**284.7**	**1 028.6**	**3.3**	**1.2**	**447.5**	**1 958.2**	**390.7**	**799.0**	**838.2**	**2 757.2**
A. Food	34.0	56.7	24.0	3.2	0.5	10.2	31.1	61.2	29.1	48.6	0.7	—	65.8	117.9	55.1	116.6	120.9	234.5
(a) Food, processed	18.7	48.6	16.6	2.4	0.3	4.2	13.3	32.2	12.8	20.5	0.1	—	32.1	80.8	18.5	94.0	50.6	174.8
(b) Beverages and tobacco manufactures	—	8.0	—	—	—	6.0	1.2	28.0	1.1	27.1	—	—	1.2	36.0	0.3	9.0	1.5	45.0
(c) Animal and vegetable oils and fats	15.3	0.1	7.4	0.8	0.2	—	16.6	1.0	15.2	1.0	0.6	—	32.5	1.1	36.3	13.6	68.8	14.7
B. Wood	5.8	1.7	2.4	1.7	—	—	21.4	4.1	15.4	2.1	—	—	27.2	5.8	36.3	6.8	63.5	12.6
C. Pulp, paper	—	5.9	—	1.1	—	2.3	—	39.6	—	11.2	—	—	—	45.5	0.4	31.0	0.4	76.5
D. Textiles, clothing	30.6	39.4	18.3	13.7	1.1	8.5	146.3	46.5	132.2	45.2	1.3	—	178.2	85.9	199.7	62.6	377.9	148.5
(a) Textile yarn and thread	6.5	18.8	2.2	6.7	0.8	4.1	9.1	16.1	8.4	15.5	—	—	15.6	34.9	1.5	7.2	17.1	42.1
(b) Textile fabrics of standard type	2.9	17.3	2.1	5.8	—	3.3	74.7	19.6	70.1	19.6	0.8	—	78.4	36.9	111.2	45.9	189.6	82.8
(c) Other textile fabrics	10.1	2.6	3.5	0.9	0.3	0.8	26.8	8.2	25.0	7.5	0.5	—	37.4	10.8	10.4	6.6	47.8	17.4
(d) Clothing	11.1	0.7	10.5	0.3	—	0.3	35.7	2.6	28.7	2.6	—	—	46.8	3.3	76.6	2.9	123.4	6.2
E. Leather, fur and rubber	14.6	10.2	9.8	4.4	2.6	3.8	51.8	19.5	50.8	19.5	0.2	—	66.6	29.7	9.8	18.3	76.4	48.0
(a) Leather, leather manufactures and dressed furs	13.0	1.1	8.8	0.4	2.6	0.4	40.6	1.0	39.6	1.0	0.2	—	53.8	2.1	1.5	4.5	55.3	6.6
(b) Rubber manufactures	0.2	9.0	0.2	3.9	—	3.4	0.6	16.5	0.6	16.5	—	—	0.8	25.5	0.5	13.5	1.3	39.0
(c) Travel goods, fur clothing and footwear	1.4	0.1	0.8	0.1	—	—	10.6	2.0	10.6	2.0	—	—	12.0	2.1	7.8	0.3	19.8	2.4
F. Stone, glass, pottery	0.3	9.6	—	4.1	—	1.6	0.4	13.2	0.4	12.9	—	—	0.7	22.8	0.5	6.7	1.2	29.5
(a) Building materials	0.3	8.3	—	3.8	—	0.8	0.3	11.3	0.3	11.2	—	—	0.6	19.6	0.2	5.6	0.8	25.2
(b) Glassware and pottery	—	1.3	—	0.3	—	0.8	0.1	1.9	0.1	1.7	—	—	0.1	3.2	0.3	1.1	0.4	4.3
G. Chemicals	36.5	134.2	0.9	69.2	3.4	21.4	18.8	146.8	18.8	142.5	0.3	—	55.6	281.0	5.7	136.0	61.3	417.0
(a) Synthetic fibres	—	0.2	—	—	—	—	—	0.1	—	0.1	—	—	—	0.3	0.1	—	0.1	0.3
(b) Petroleum products	33.4	8.5	0.4	0.4	1.4	0.3	10.6	16.4	10.6	16.4	0.3	—	44.3	24.9	0 1	29.4	44.4	54.3
(c) Mineral chemicals	0.3	61.0	—	31.8	0.3	7.9	2.8	40.2	2.8	39.7	—	—	3.1	101.2	1.4	18.4	4.5	119.6
(d) Dyeing, tanning and colouring materials	—	15.5	—	12.2	—	1.6	0.3	16.5	0.3	16.2	—	—	0.3	32.0	0.4	8.7	0.7	40.7
(e) Medicinal and pharmaceutical products	—	23.0	—	9.6	—	7.2	0.2	24.6	0.2	22.3	—	—	0.2	47.6	0.1	30.1	0.3	77.7
(f) Essential oils, perfumes, soap, etc.	2.5	5.0	0.5	1.2	1.7	2.2	1.8	14.0	1.8	14.1	—	—	4.3	19.0	3.0	11.7	7.3	30.7
(g) Explosives and miscellaneous chemical products	0.3	21.0	—	14.0	—	2.2	3.1	35.0	3.1	33.7	—	—	3.4	56.0	0.6	37.7	4.0	93.7
H. Base metals	6.4	112.3	0.2	39.1	0.8	31.8	0.4	96.8	0.4	86.9	0.6	—	7.4	209.1	54.0	58.0	61.4	267.1
(a) Iron and steel	—	104.9	—	36.0	—	30.9	0.3	77.6	0.3	69.0	—	—	0.3	182.5	1.2	34.7	1.5	217.2
(b) Non-ferrous base metals	6.4	7.4	0.2	3.1	0.8	0.9	0.1	19.2	0.1	17.9	0.6	—	7.1	26.6	52.8	23.3	59.9	49.9
of which : Copper	*0 1*	*3.3*	*0.1*	*1.3*	—	—	—	*8.9*	—	*8.9*	—	—	*0.1*	*12.2*	—	*6.6*	*0.1*	*18.8*
Aluminium	—	*2.4*	—	*1.1*	—	*0.9*	—	*8.6*	—	*7.3*	—	—	—	*11.0*	—	*15.3*	—	*26.3*
Tin	*6.2*	—	*0.1*	—	*0.8*	—	—	*0.1*	—	*0.1*	*0.6*	—	*6.8*	*0.1*	*52.8*	—	*59.6*	*0.1*
I. Metal products	1.0	437.7	0.7	311.5	0.1	52.0	21.0	667.3	20.7	635.0	—	0.4	22.0	1 105.4	10.2	342.4	32.2	1 447.8
(a) Manufactures of metals	0.4	36.6	0.3	19.7	0.1	5.2	1.5	66.2	1.5	60.9	—	—	1.9	102.8	5.2	22.3	7.1	125.1
(b) Machinery other than electric	—	165.4	—	123.7	—	21.5	12.2	266.6	12.2	251.9	—	—	12.2	432.0	0.1	172.8	12.3	604.8
(c) Electric machinery and appliances	0.1	92.6	0.1	65.0	—	10.6	2.9	120.8	2.9	112.0	—	—	3.0	213.4	3.4	51.1	6.4	264.5
(d) Transport equipment	—	123.0	—	86.0	—	12.4	2.0	197.8	2.0	194.4	—	0.4	2.0	321.2	0.8	80.9	2.8	402.1
of which : Road motor vehicles	—	*59.3*	—	*41.5*	—	*8.0*	—	*83.8*	—	*83.8*	—	—	—	*143.1*	—	*61.2*	—	*204 3*
Ships and boats	—	*31.2*	—	*22.2*	—	*0.2*	—	*21.5*	—	*18.3*	—	*0.4*	—	*53 1*	*0.5*	—	*0.5*	*53.1*
(e) Other manufactures of metals	0.5	20.1	0.3	17.1	—	2.3	2.4	15.9	2.1	15.8	—	—	2.9	36.0	0.7	15.3	3.6	51.3
J. Miscellaneous	6.4	29.0	2.4	9.3	2.7	2.4	17.4	25.3	16.9	24.7	0.2	0.8	24.0	55.1	19.0	20.6	43.0	75.7
IV. — Other	**1.1**	**1.6**	**0.7**	**0.6**	—	**0.4**	**2.7**	**12.2**	**2.6**	**12.2**	—	—	**3.8**	**13.8**	**16.4**	**16.8**	**20.2**	**30.6**
Total	**685.6**	**844.7**	**283.7**	**459.3**	**142.9**	**135.6**	**1 064.8**	**1 164.1**	**938.9**	**1 071.4**	**32.6**	**1.7**	**1 783.0**	**2 010.5**	**1 292.9**	**1 248.7**	**3 075.9**	**3 259.2**

Sources and methods : See Appendix B.

[a] OEEC member countries excluding Switzerland.

[b] Excluding Switzerland.

Table I (*continued*)

Trade of western Europe[a] and North America with overseas primary-producing areas by main commodity groups in 1959

Millions of current dollars

Reporting areas / Areas of origin and destination and commodity groups	European Economic Community						European Free Trade Association[b]				Other OEEC[b] countries		Total of western European countries listed		United States and Canada		Total of countries listed	
	Total		Western Germany		France		Total		United Kingdom									
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
MIDDLE EAST																		
I. — Agriculture, fishing, forestry	**80.9**	**14.1**	**24.6**	**0.7**	**30.5**	**2.2**	**72.0**	**18.1**	**56.9**	**15.7**	**1.9**	**32.3**	**154.8**	**64.5**	**48.5**	**84.1**	**203.3**	**148.6**
A. Food (natural) and tobacco, raw	35.1	11.9	17.1	0.7	5.1	1.1	50.4	16.8	36.6	14.4	1.6	25.1	87.1	53.8	11.0	59.6	98.1	113.4
(*a*) Meat, livestock and dairy products	4.4	1.0	1.0	—	0.2	—	0.1	2.0	0.1	0.1	0.5	5.3	5.0	8.3	—	0.6	5.0	8.9
(*b*) Fish, fresh	—	0.4	—	0.1	—	—	—	0.3	—	—	—	0.8	—	1.5	0.4	—	0.4	1.5
(*c*) Cereals	2.3	4.1	0.1	—	—	0.9	1.3	0.2	0.1	—	—	8.6	3.6	12.9	—	56.9	3.6	69.8
(*d*) Fruits and vegetables, fresh and dry	25.7	0.4	15.1	—	4.4	—	42.0	0.1	31.6	0.1	1.1	5.9	68.8	6.4	7.8	0.6	76.6	7.0
(*e*) Sugar	—	3.8	—	0.2	—	0.2	—	13.9	—	13.9	—	1.6	—	19.3	—	0.1	—	19.4
(*f*) Coffee, cocoa, spices	1.5	1.5	0.1	—	0.5	—	0.7	0.2	0.5	0.2	—	0.3	2.2	2.0	1.8	—	4.0	2.0
(*g*) Feeding-stuff for animals	1.2	0.6	0.8	0.4	—	—	6.3	0.1	4.3	0.1	—	1.5	7.5	2.2	—	0.2	7.5	2.4
(*h*) Tobacco, unmanufactured	—	0.1	—	—	—	—	—	—	—	—	—	1.1	—	1.2	1.0	1.2	1.0	2.4
B. Crude agricultural materials	45.8	2.2	7.5	—	25.4	1.1	21.6	1.3	20.3	1.3	0.3	7.2	67.7	10.7	37.5	24.5	105.2	35.2
(*a*) Hides, skins and fur skins, undressed	5.9	1.0	1.6	—	0.3	0.8	1.8	—	1.6	—	—	1.0	7.7	2.0	11.0	0.4	18.7	2.4
(*b*) Oil-seeds, oil nuts and oil kernels	1.1	—	—	—	0.9	—	0.8	—	0.7	—	0.3	2.7	2.2	2.7	—	15.5	2.2	18.2
(*c*) Crude rubber	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0.8	—	0.8
(*d*) Wood and cork, raw	—	—	—	—	—	—	0.2	—	—	—	—	0.1	0.2	0.1	—	—	0.2	0.1
(*e*) Textile fibres and waste	36.0	1.0	5.1	—	23.1	0.3	17.1	1.3	16.3	1.3	—	2.9	53.1	5.2	24.2	7.0	77.3	12.2
(*f*) Animal and vegetable crude materials, inedible	2.8	0.2	0.8	—	1.1	—	1.7	—	1.7	—	—	0.5	4.5	0.7	2.3	0.8	6.8	1.5
II. — Mining	**1 541.9**	**3.4**	**287.0**	**—**	**509.8**	**0.6**	**740.8**	**0.2**	**674.9**	**0.2**	**44.6**	**0.3**	**2 327.3**	**3.9**	**323.2**	**2.2**	**2 650.5**	**6.1**
(*a*) Crude fertilizers and crude minerals	—	3.4	—	—	—	0.6	0.1	—	0.1	—	—	0.3	0.1	3.7	2.1	2.0	2.2	5.7
(*b*) Metalliferous ores and metal scrap	1.9	—	0.8	—	—	—	1.6	—	1.0	—	—	—	3.5	—	0.3	—	3.8	—
of which : Iron ore and concentrates	—	—	—	—	—	—	*0.3*	—	*0.3*	—	—	—	*0.3*	—	*0.2*	—	*0.5*	—
(*c*) Mineral fuels and related materials	1 540.0	—	286.2	—	509.8	—	739.1	0.2	673.8	0.2	44.6	—	2 323.7	0.2	320.8	0.2	2 644.5	0.4
III. — Manufacturing	**84.9**	**593.7**	**32.7**	**297.3**	**8.7**	**106.1**	**130.2**	**450.1**	**90.1**	**389.8**	**32.3**	**1.4**	**247.4**	**1 045.2**	**45.8**	**340.4**	**293.2**	**1 385.6**
A. Food	4.6	40.0	3.8	7.7	0.4	1.0	8.2	15.2	5.4	11.5	0.1	0.9	12.9	56.1	1.8	31.2	14.7	87.3
(*a*) Food, processed	4.1	34.5	3.7	6.4	0.4	0.3	8.1	4.4	5.3	1.9	0.1	0.8	12.3	39.7	1.5	18.3	13.8	58.0
(*b*) Beverages and tobacco manufactures	—	1.6	—	0.4	—	0.5	0.1	10.4	0.1	9.5	—	—	0.1	12.0	0.2	6.6	0.3	18.6
(*c*) Animal and vegetable oils and fats	0.5	3.9	0.1	0.9	—	0.2	—	0.4	—	0.1	—	0.1	0.5	4.4	0.1	6.3	0.6	10.7
B. Wood	—	4.3	—	2.1	—	1.0	2.8	19.2	2.8	9.7	0.2	—	3.0	23.5	0.8	2.9	3.8	26.4
C. Pulp, paper	—	2.6	—	0.7	—	0.5	—	12.8	—	2.6	—	0.1	—	15.5	—	3.6	—	19.1
D. Textiles, clothing	17.8	59.1	15.6	18.2	0.9	15.8	8.6	32.1	4.5	31.2	0.3	—	26.7	91.2	6.7	10.9	33.4	102.1
(*a*) Textile yarn and thread	—	17.7	—	4.2	—	8.9	0.3	3.5	—	2.9	0.2	—	0.5	21.2	—	0.7	0.5	21.9
(*b*) Textile fabrics of standard type	—	25.7	—	9.1	—	4.6	0.2	19.9	0.1	19.7	—	—	0.2	45.6	—	4.9	0.2	50.5
(*c*) Other textile fabrics	17.2	8.3	15.2	1.5	0.9	0.5	7.5	5.4	4.0	5.3	0.1	—	24.8	13.7	4.1	2.4	28.9	16.1
(*d*) Clothing	0.6	7.4	0.4	3.4	—	1.8	0.6	3.3	0.4	3.3	—	—	1.2	10.7	2.6	2.9	3.8	13.6
E. Leather, fur and rubber	0.1	8.1	—	3.8	—	0.9	0.1	9.6	0.1	9.6	1.7	—	1.9	17.7	—	17.5	1.9	35.2
(*a*) Leather, leather manufactures and dressed furs	0.1	0.3	—	0.2	—	0.1	0.1	—	0.1	—	—	—	0.2	0.3	—	—	0.2	0.3
(*b*) Rubber manufactures	—	7.0	—	3.5	—	0.8	—	8.4	—	8.4	1.7	—	1.7	15.4	—	17.5	1.7	32.9
(*c*) Travel goods, fur clothing and footwear	—	0.8	—	0.1	—	—	—	1.2	—	1.2	—	—	—	2.0	—	—	—	2.0
F. Stone, glass, pottery	0.2	6.2	—	3.2	—	1.4	—	6.7	—	5.1	0.5	—	0.7	12.9	1.2	1.8	1.9	14.7
(*a*) Building materials	0.2	3.5	—	1.7	—	0.4	—	6.1	—	4.5	0.5	—	0.7	9.6	1.2	1.1	1.9	10.7
(*b*) Glassware and pottery	—	2.7	—	1.5	—	1.0	—	0.6	—	0.6	—	—	—	3.3	—	0.7	—	4.0
G. Chemicals	50.6	57.9	8.5	27.6	6.1	10.2	94.7	50.0	61.7	46.5	26.0	0.2	171.3	108.1	14.2	32.9	185.5	141.0
(*a*) Synthetic fibres	—	3.2	—	2.6	—	0.1	—	1.6	—	0.3	—	—	—	4.8	—	0.5	—	5.3
(*b*) Petroleum products	47.8	7.5	8.5	0.5	6.0	0.4	93.7	6.3	60.9	6.3	23.4	0.1	164.9	13.9	14.2	8.4	179.1	22.3
(*c*) Mineral chemicals	2.7	9.5	—	5.6	—	1.3	0.9	5.3	0.7	5.2	0.4	—	4.0	14.8	—	3.1	4.0	17.9
(*d*) Dyeing, tanning and colouring materials	—	6.7	—	3.4	—	1.5	—	6.2	—	5.7	0.4	—	0.4	12.9	—	2.6	0.4	15.5
(*e*) Medicinal and pharmaceutical products	—	15.4	—	7.1	—	4.1	0.1	7.9	0.1	7.0	1.5	—	1.6	23.3	—	8.5	1.6	31.8
(*f*) Essential oils, perfumes, soap, etc.	0.1	3.5	—	1.7	0.1	1.7	—	7.6	—	7.6	—	—	0.1	11.1	—	5.2	0.1	16.3
(*g*) Explosives and miscellaneous chemical products	—	12.1	—	6.7	—	1.1	—	15.1	—	14.4	0.3	0.1	0.3	27.3	—	4.6	0.3	31.9
H. Base metals	1.3	121.6	1.0	43.4	—	36.1	0.2	37.5	—	34.0	0.4	—	1.9	159.1	0.2	14.9	2.1	174.0
(*a*) Iron and steel	—	113.4	—	40.2	—	34.5	—	33.5	—	30.2	0.4	—	0.4	146.9	0.2	13.7	0.6	160.6
(*b*) Non-ferrous base metals	1.3	8.2	1.0	3.2	—	1.6	0.2	4.0	—	3.8	—	—	1.5	12.2	—	1.2	1.5	13.4
of which : Copper	*1.3*	*5.6*	*1.0*	*2.4*	—	*0.8*	*0.2*	*2.1*	—	*2.1*	—	—	*1.5*	*7.7*	—	—	*1.5*	*7.7*
Aluminium	—	*1.3*	—	*0.5*	—	*0.8*	—	*1.4*	—	*1.2*	—	—	—	*2.7*	—	*1.1*	—	*3.8*
Tin	—	—	—	—	—	—	—	*0.4*	—	*0.4*	—	—	—	*0.4*	—	—	—	*0.4*
I. Metal products	—	275.4	—	183.1	—	35.9	15.1	257.7	15.1	230.9	2.9	0.2	18.0	533.3	0.4	214.4	18.4	747.7
(*a*) Manufactures of metals	—	34.1	—	16.3	—	7.9	1.4	44.0	1.4	37.9	0.2	—	1.6	78.1	0.4	8.3	2.0	86.4
(*b*) Machinery other than electric	—	85.1	—	62.2	—	8.4	10.1	106.0	10.1	97.7	—	0.1	10.1	191.2	—	81.8	10.1	273.0
(*c*) Electric machinery and appliances	—	64.0	—	41.3	—	6.7	1.7	46.7	1.7	41.0	0.3	—	2.0	110.7	—	13.9	2.0	124.6
(*d*) Transport equipment	—	76.9	—	51.9	—	9.9	1.3	53.1	1.3	46.8	2.0	—	3.3	130.0	—	106.2	3.3	236.2
of which : Road motor vehicles	—	*50.5*	—	*38.8*	—	*6.3*	—	*37.6*	—	*31.5*	*2.0*	—	*2.0*	*88.1*	—	*81.7*	*2.0*	*169.8*
Ships and boats	—	*12.7*	—	*5.3*	—	*0.5*	—	*1.1*	—	*0.8*	—	—	—	*13.8*	—	*14.3*	—	*28.1*
(*e*) Other manufactures of metals	—	15.3	—	11.4	—	3.0	0.6	7.9	0.6	7.5	0.4	0.1	1.0	23.3	—	4.2	1.0	27.5
J. Miscellaneous	10.3	18.5	3.8	7.5	1.3	3.3	0.5	9.3	0.5	8.7	0.2	—	11.0	27.8	20.5	10.3	31.5	38.1
IV. — Other	**0.8**	**1.3**	**0.8**	**0.3**	**—**	**0.3**	**0.2**	**5.4**	**0.2**	**5.4**	**—**	**—**	**1.0**	**6.7**	**1.7**	**7.7**	**2.7**	**14.4**
Total	**1 708.5**	**612.5**	**345.1**	**298.3**	**549.0**	**109.2**	**943.2**	**473.8**	**822.1**	**411.1**	**78.8**	**34.0**	**2 730.5**	**1 120.3**	**419.2**	**434.4**	**3 149.7**	**1 554.7**

Sources and methods : See Appendix B. [a] OEEC member countries excluding Switzerland. [b] Excluding Switzerland.

TABLE I (*continued*)

Trade of western Europe[a] and North America with overseas primary-producing areas by main commodity groups in 1959

Millions of current dollars

Reporting areas / Areas of origin and destination and commodity groups	European Economic Community						European Free Trade Association[b]				Other OEEC[b] countries		Total of western European countries listed		United States and Canada		Total of countries listed	
	Total		Western Germany		France		Total		United Kingdom									
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
OCEANIA																		
I. — Agriculture, fishing, forestry	**507.7**	**6.0**	**130.6**	**—**	**199.8**	**0.1**	**1 020.9**	**7.8**	**987.9**	**6.3**	**23.6**	**0.4**	**1 552.2**	**14.2**	**312.8**	**39.6**	**1 865.0**	**53.8**
A. Food (natural) and tobacco, raw	64.7	4.8	44.2	—	8.7	0.1	687.4	4.0	673.7	2.9	10.3	0.4	762.4	9.2	204.8	24.4	967.2	33.6
(*a*) Meat, livestock and dairy products	9.5	0.4	3.0	—	4.3	0.1	535.7	0.2	535.1	—	0.5	—	545.7	0.6	163.4	—	709.1	0.6
(*b*) Fish, fresh	—	0.2	—	—	—	—	—	2.6	—	1.7	—	—	—	2.8	10.7	—	10.7	2.8
(*c*) Cereals	44.9	—	36.7	—	1.6	—	58.0	—	51.0	—	9.3	—	112.2	—	0.5	0.5	112.7	0.5
(*d*) Fruits and vegetables, fresh and dry	3.3	0.6	2.3	—	0.2	—	48.8	0.3	44.4	0.3	0.5	0.1	52.6	1.0	9.1	0.7	61.7	1.7
(*e*) Sugar	—	0.5	—	—	—	—	36.4	0.4	36.4	0.4	—	—	36.4	0.9	19.6	—	56.0	0.9
(*f*) Coffee, cocoa, spices	4.0	3.1	1.2	—	2.6	—	2.4	0.5	2.3	0.5	—	—	6.4	3.6	1.3	—	7.7	3.6
(*g*) Feeding-stuff for animals	3.0	—	1.0	—	—	—	6.1	—	4.5	—	—	—	9.1	—	0.2	—	9.3	—
(*h*) Tobacco, unmanufactured	—	—	—	—	—	—	—	—	—	—	—	0.3	—	0.3	—	23.2	—	23.5
B. Crude agricultural materials	443.0	1.2	86.4	—	191.1	—	333.5	3.8	314.2	3.4	13.3	—	789.8	5.0	108.0	15.2	897.8	20.2
(*a*) Hides, skins and fur skins, undressed	57.4	—	9.2	—	36.6	—	14.2	—	11.6	—	0.1	—	71.1	—	22.0	—	93.7	—
(*b*) Oil-seeds, oil nuts and oil kernels	18.7	—	4.7	—	12.7	—	13.8	—	13.8	—	—	—	32.5	—	2.5	—	35.0	—
(*c*) Crude rubber	—	—	—	—	—	—	—	0.6	—	0.6	—	—	—	0.6	—	9.0	—	9.6
(*d*) Wood and cork, raw	—	—	—	—	—	—	—	0.3	—	—	—	—	—	0.3	—	—	—	0.3
(*e*) Textile fibres and waste	362.9	0.5	70.0	—	141.2	—	302.3	2.3	285.6	2.3	13.0	—	678.2	2.8	81.6	5.4	759.8	8.2
(*f*) Animal and vegetable crude materials, inedible	4.0	0.7	2.5	—	0.6	—	3.2	0.6	3.2	0.5	0.2	—	7.4	1.3	1.9	0.8	9.3	2.1
II. — Mining	**11.3**	**0.3**	**4.1**	**0.1**	**2.9**	**—**	**15.0**	**2.4**	**13.4**	**2.2**	**—**	**—**	**26.3**	**2.7**	**14.8**	**10.6**	**41.1**	**13.3**
(*a*) Crude fertilizers and crude minerals	0.7	0.2	—	—	—	—	2.7	2.4	2.7	2.2	—	—	3.4	2.6	1.9	10.1	5.3	12.7
(*b*) Metalliferous ores and metal scrap	10.6	—	4.1	—	2.9	—	11.3	—	9.7	—	—	—	21.9	—	12.9	0.5	34.8	0.5
of which : Iron ore and concentrates	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
(*c*) Mineral fuels and related materials	—	0.1	—	0.1	—	—	1.0	—	1.0	—	—	—	1.0	0.1	—	—	1.0	0.1
III. — Manufacturing	**40.6**	**241.8**	**15.2**	**123.0**	**13.7**	**38.8**	**177.0**	**943.2**	**174.1**	**891.4**	**0.2**	**0.2**	**217.8**	**1 185.2**	**53.7**	**329.2**	**271.5**	**1 514.4**
A. Food	12.3	7.5	9.1	0.4	0.5	3.5	113.6	20.0	111.7	17.5	0.2	0.2	126.1	27.7	20.9	7.4	147.0	35.1
(*a*) Food, processed	8.7	3.3	6.9	0.4	0.2	1.7	92.7	5.5	91.4	3.0	0.2	0.2	101.6	9.0	18.4	4.4	120.0	13.4
(*b*) Beverages and tobacco manufactures	—	3.1	—	—	—	1.5	1.7	13.1	1.7	13.1	—	—	1.7	16.2	0.8	2.5	2.5	18.7
(*c*) Animal and vegetable oils and fats	3.6	1.1	2.2	—	0.3	0.3	19.2	1.4	18.6	1.4	—	—	22.8	2.5	1.7	0.5	24.5	3.0
B. Wood	0.1	0.5	0.1	0.2	—	0.3	2.4	3.8	2.4	1.7	—	—	2.5	4.3	0.6	18.8	3.1	23.1
C. Pulp, paper	—	3.4	—	1.1	—	0.4	1.9	48.7	1.9	29.2	—	—	1.9	52.1	—	25.0	1.9	77.1
D. Textiles, clothing	—	35.2	—	11.1	—	6.1	1.1	131.0	1.1	127.8	—	—	1.1	166.2	—	8.1	1.1	174.3
(*a*) Textile yarn and thread	—	4.2	—	0.4	—	0.4	0.7	29.5	0.7	29.2	—	—	0.7	33.7	—	3.1	0.7	36.8
(*b*) Textile fabrics of standard type	—	24.6	—	9.2	—	3.8	0.1	55.0	0.1	54.1	—	—	0.1	79.6	—	3.3	0.1	82.9
(*c*) Other textile fabrics	—	3.8	—	0.8	—	1.0	0.1	40.0	0.1	37.9	—	—	0.1	43.8	—	1.6	0.1	45.4
(*d*) Clothing	—	2.6	—	0.7	—	0.9	0.2	6.5	0.2	6.6	—	—	0.2	9.1	—	0.1	0.2	9.2
E. Leather, fur and rubber	—	3.3	—	1.0	—	1.7	7.5	9.2	7.5	9.2	—	—	7.5	12.5	0.7	1.6	8.2	14.1
(*a*) Leather, leather manufactures and dressed furs	—	—	—	—	—	—	7.4	1.6	7.4	1.6	—	—	7.4	1.6	0.3	—	7.7	1.6
(*b*) Rubber manufactures	—	2.6	—	0.7	—	1.5	0.1	5.8	0.1	5.8	—	—	0.1	8.4	0.2	1.6	0.3	10.0
(*c*) Travel goods, fur clothing and footwear	—	0.7	—	0.3	—	0.2	—	1.8	—	1.8	—	—	—	2.5	0.2	—	0.2	2.5
F. Stone, glass, pottery	—	11.7	—	2.7	—	1.3	—	25.8	—	24.5	—	—	—	37.5	—	5.0	—	42.5
(*a*) Building materials	—	9.9	—	1.5	—	1.0	—	16.5	—	15.5	—	—	—	26.4	—	4.6	—	31.0
(*b*) Glassware and pottery	—	1.8	—	1.2	—	0.3	—	9.3	—	9.0	—	—	—	11.1	—	0.4	—	11.5
G. Chemicals	4.6	34.6	1.0	23.5	0.2	4.5	4.6	100.2	4.6	98.1	—	—	9.2	134.8	8.5	50.3	17.7	185.1
(*a*) Synthetic fibres	0.1	0.9	—	0.7	—	—	—	3.2	—	3.0	—	—	0.1	4.1	0.3	4.3	0.4	8.4
(*b*) Petroleum products	1.1	0.7	—	0.1	—	0.1	0.5	6.8	0.5	6.8	—	—	1.6	7.5	—	14.0	1.6	21.5
(*c*) Mineral chemicals	—	17.4	—	11.5	—	2.3	0.7	18.7	0.7	17.7	—	—	0.7	36.1	—	8.9	0.7	45.0
(*d*) Dyeing, tanning and colouring materials	—	1.5	—	1.1	—	0.2	—	9.5	—	9.5	—	—	—	11.0	0.4	2.7	0.4	13.7
(*e*) Medicinal and pharmaceutical products	0.2	2.4	—	1.7	0.2	0.4	0.4	18.4	0.4	18.2	—	—	0.6	20.8	0.4	3.4	1.0	24.2
(*f*) Essential oils, perfumes, soap, etc.	—	1.6	—	0.4	—	1.0	—	3.7	—	3.7	—	—	—	5.3	—	1.4	—	6.7
(*g*) Explosives and miscellaneous chemical products	3.2	10.1	1.0	8.0	—	0.5	3.0	39.9	3.0	39.2	—	—	6.2	50.0	7.4	15.6	13.6	65.6
H. Base metals	22.8	8.6	4.6	1.7	13.0	2.9	31.6	66.2	30.7	64.1	—	—	54.4	74.8	22.1	17.0	76.5	91.8
(*a*) Iron and steel	4.8	6.7	0.4	1.1	4.0	2.7	0.7	44.9	0.7	42.8	—	—	5.5	51.6	10.3	5.8	15.8	57.4
(*b*) Non-ferrous base metals	18.0	1.9	4.2	0.6	9.0	0.2	30.9	21.3	30.0	21.3	—	—	48.9	23.2	11.8	11.2	60.7	34.4
of which : Copper	*6.9*	—	*2.7*	—	—	—	*0.8*	—	*0.5*	—	—	—	*7.7*	—	*0.3*	—	*8.0*	—
Aluminium	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Tin	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
I. Metal products	0.4	129.4	—	77.0	—	17.2	9.9	504.4	9.8	485.9	—	—	10.3	633.8	0.7	189.5	11.0	823.3
(*a*) Manufactures of metals	—	8.1	—	4.9	—	1.2	2.0	49.7	1.9	47.0	—	—	2.0	57.8	0.2	4.2	2.2	62.0
(*b*) Machinery other than electric	—	43.8	—	31.6	—	4.8	4.5	185.8	4.5	176.4	—	—	4.5	229.6	0.1	88.1	4.6	317.7
(*c*) Electric machinery and appliances	0.2	18.8	—	8.6	—	1.8	1.6	88.9	1.6	83.4	—	—	1.8	107.7	0.2	12.7	2.0	120.4
(*d*) Transport equipment	0.1	48.5	—	22.8	—	9.3	0.7	161.8	0.7	161.5	—	—	0.8	210.3	0.2	80.6	1.0	290.9
of which : Road motor vehicles	—	*34.5*	—	*22.2*	—	*9.2*	*0.1*	*133.2*	*0.1*	*133.2*	—	—	*0.1*	*167.7*	—	*26.5*	*0.1*	*194.2*
Ships and boats	—	*0.4*	—	—	—	—	—	*5.6*	—	*5.3*	—	—	—	*6.0*	*0.2*	—	*0.2*	*6.0*
(*e*) Other manufactures of metals	0.1	10.2	—	9.1	—	0.1	1.1	18.2	1.1	17.6	—	—	1.2	28.4	—	3.9	1.2	32.3
J. Miscellaneous	0.4	7.6	0.4	4.3	—	0.9	4.4	33.9	4.4	33.4	—	—	4.8	41.5	0.2	6.5	5.0	48.0
IV. — Other	**0.3**	**0.8**	**0.3**	**0.1**	**—**	**0.5**	**0.7**	**11.4**	**0.7**	**11.4**	**—**	**—**	**1.0**	**12.2**	**8.5**	**1.9**	**9.5**	**14.1**
Total	**559.9**	**248.9**	**150.2**	**123.2**	**216.4**	**39.4**	**1 213.6**	**964.8**	**1 176.1**	**911.3**	**23.8**	**0.6**	**1 797.3**	**1 214.3**	**389.8**	**381.3**	**2 187.1**	**1 595.6**

Sources and methods : See Appendix B.

[a] OEEC member countries excluding Switzerland.

[b] Excluding Switzerland.

TABLE I (*concluded*)

Trade of western Europe[a] and North America with overseas primary-producing areas by main commodity groups in 1959

Millions of current dollars

Reporting areas / Areas of origin and destination and commodity groups	European Economic Community						European Free Trade Association[b]				Other OEEC[b] countries		Total of western European countries listed		United States and Canada		Total of countries listed	
	Total		Western Germany		France		Total		United Kingdom									
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
TOTAL OF OVERSEAS PRIMARY-PRODUCING AREAS																		
I. — Agriculture, fishing, forestry	3 694.3	261.4	1 236.2	4.6	1 230.6	178.6	3 409.2	151.1	[illegible]	96.0	112.5	46.2	7 216.0	458.7	3 596.9	1 029.2	10 812.9	1 487.9
A. Food (natural) and tobacco, raw	1 796.8	232.4	632.7	3.7	578.2	160.5	2 231.2	113.2	1 916.4	63.4	78.4	38.4	4 106.4	384.0	2 624.3	822.0	6 730.7	1 206.0
(*a*) Meat, livestock and dairy products	90.8	65.3	33.5	—	12.8	50.9	705.3	18.7	702.5	2.5	0.1	7.3	802.2	91.3	232.2	52.2	1 034.4	143.5
(*b*) Fish, fresh	6.9	7.6	—	0.1	6.1	6.2	0.6	34.7	0.3	4.3	—	5.4	7.5	47.7	84.7	11.8	92.2	59.5
(*c*) Cereals	273.8	45.6	96.8	0.3	50.3	25.2	150.8	0.4	117.9	—	14.0	11.7	438.6	57.7	3.1	582.9	441.7	640.6
(*d*) Fruits and vegetables, fresh and dry	375.8	35.9	115.8	2.4	214.1	18.3	262.7	3.9	213.0	1.4	4.9	7.5	643.4	47.3	227.2	53.5	870.6	100.8
(*e*) Sugar	88.3	66.7	10.0	0.2	62.3	56.4	244.9	46.4	224.5	46.4	14.0	1.8	347.2	114.9	590.4	15.7	937.6	130.6
(*f*) Coffee, cocoa, spices	749.0	7.9	295.1	0.3	196.6	1.5	597.3	8.6	442.3	8.5	34.7	0.3	1 381.0	16.8	1 436.1	1.0	2 817.1	17.8
(*g*) Feeding-stuff for animals	149.9	2.3	61.5	0.4	24.4	1.5	161.3	0.5	124.1	0.3	4.6	1.5	315.8	4.3	18.2	19.6	334.0	23.9
(*h*) Tobacco, unmanufactured	62.3	1.1	20.0	—	11.6	0.5	108.3	—	91.8	—	0.1	2.9	170.7	4.0	32.4	85.3	203.1	89.3
B. Crude agricultural materials	1 897.5	29.0	603.5	0.9	652.4	18.1	1 178.0	37.9	980.1	32.6	34.1	7.8	3 109.6	74.7	972.6	207.2	4 082.2	281.9
(*a*) Hides, skins and fur skins, undressed	197.2	1.6	65.9	—	71.2	1.1	79.8	—	66.4	—	2.7	1.0	279.7	2.6	92.8	8.0	372.5	10.6
(*b*) Oil-seeds, oil nuts and oil kernels	303.5	6.2	82.9	—	120.0	5.6	167.8	0.7	121.9	—	3.8	2.8	475.1	9.7	74.6	30.9	549.7	40.6
(*c*) Crude rubber	246.5	1.0	100.1	0.4	84.4	0.1	185.0	1.9	153.2	1.9	4.9	—	436.4	2.9	412.1	40.2	848.5	43.1
(*d*) Wood and cork, raw	117.2	2.5	53.8	—	34.3	2.5	31.2	3.6	18.9	—	—	0.1	148.4	6.2	8.5	1.7	156.9	7.9
(*e*) Textile fibres and waste	970.6	10.2	277.1	—	322.7	5.2	672.3	30.3	580.5	29.8	20.1	3.2	1 663.0	43.7	331.4	114.2	1 994.4	157.9
(*f*) Animal and vegetable crude materials, inedible	62.5	7.5	23.7	0.5	19.8	3.6	41.9	1.4	39.2	0.9	2.6	0.7	107.0	9.6	53.2	12.2	160.2	21.8
II. — Mining	2 153.8	22.2	479.9	5.1	689.7	11.2	1 222.5	10.9	1 108.2	10.1	49.5	0.7	3 425.8	33.8	1 816.7	91.4	5 242.5	125.2
(*a*) Crude fertilizers and crude minerals	104.4	9.5	23.6	1.7	38.3	2.8	63.4	8.6	43.5	7.8	4.8	0.3	172.6	18.4	99.9	43.5	272.5	61.9
(*b*) Metalliferous ores and metal scrap	283.0	0.1	109.6	—	56.2	—	211.6	1.0	193.8	1.0	0.1	0.4	494.7	1.5	575.8	22.1	1 070.5	23.6
of which : Iron ore and concentrates	*102.4*	—	*68.7*	—	*6.2*	—	*87.6*	—	*87.2*	—	—	—	*190.0*	—	*182.6*	*0.1*	*372.6*	*0.1*
(*c*) Mineral fuels and related materials	1 766.4	12.6	346.7	3.4	595.2	8.4	947.5	1.3	870.9	1.3	44.6	—	2 758.5	13.9	1 141.0	25.8	3 899.5	39.7
III. — Manufacturing	1 381.5	5 656.2	388.4	2 054.6	503.8	2 090.8	1 546.8	4 793.9	1 291.7	4 139.8	44.6	5.6	2 972.9	10 455.7	1 588.7	5 148.8	4 561.6	15 604.5
A. Food	542.1	349.5	91.4	27.6	365.6	156.6	372.7	215.2	346.3	151.5	2.0	2.2	916.8	566.9	218.5	475.2	1 135.3	1 042.1
(*a*) Food, processed	117.5	251.6	46.1	18.4	54.3	93.5	231.3	98.3	223.5	51.7	0.4	1.9	349.2	351.8	124.5	344.2	473.7	696.0
(*b*) Beverages and tobacco manufactures	243.5	73.5	1.5	4.7	241.5	51.3	14.4	108.1	13.7	95.2	—	0.2	257.9	181.8	10.5	62.6	268.4	244.4
(*c*) Animal and vegetable oils and fats	181.1	24.4	43.8	4.5	69.8	11.8	127.0	8.8	109.1	4.6	1.6	0.1	309.7	33.3	83.5	68.4	393.2	101.7
B. Wood	27.2	68.3	12.1	11.5	6.3	51.9	67.9	65.1	60.4	29.2	0.5	—	95.6	133.4	66.3	77.7	161.9	211.1
C. Pulp, paper	8.2	55.8	0.4	9.6	6.7	32.1	10.2	200.2	10.2	69.1	—	0.1	18.4	256.1	2.9	204.5	21.3	460.6
D. Textiles, clothing	54.5	511.5	36.0	80.8	4.3	286.1	159.8	400.2	139.6	360 2	1.7	—	216.0	911.7	234.3	267.0	450.3	1 178.7
(*a*) Textile yarn and thread	9.2	77.7	4.0	17.0	0.8	31.1	11.0	73.7	9.1	68.6	0.2	—	20.4	151.4	3.4	50.3	23.8	201.7
(*b*) Textile fabrics of standard type	3.7	248.0	2.1	48.1	—	123.2	76.2	207.2	70.9	185.8	0.9	—	80.8	455.2	114.1	134.8	194.9	590.0
(*c*) Other textile fabrics	29.7	73.0	19.0	6.9	3.3	41.2	35.2	90.0	29.4	78.9	0.6	—	65.5	163.0	35.8	43.9	101.3	206.9
(*d*) Clothing	11.9	112.8	10.9	8.8	0.2	90.6	37.4	29.3	30.2	26.9	—	—	49.3	142.1	81.0	38.0	130.3	180.1
E. Leather, fur and rubber	20.5	130.5	10.6	26.9	7.1	83.3	62.7	90.8	61.7	84.9	2.0	—	85.2	221.3	20.2	93.2	105.4	314.5
(*a*) Leather, leather manufactures and dressed furs	17.8	13.6	9.2	5.1	6.5	5.9	51.0	8.0	50.0	7.5	0.2	—	69.0	21.6	8.4	13.9	77.4	35.5
(*b*) Rubber manufactures	0.3	74.4	0.2	18.8	0.1	42.2	0.9	63.2	0.9	60.1	1.8	—	3.0	137.6	0.7	72.0	3.7	209.6
(*c*) Travel goods, fur clothing and footwear	2.4	42.5	1.2	3.0	0.5	35.2	10.8	19.6	10.8	17.3	—	—	13.2	62.1	11.1	7.3	24.3	69.4
F. Stone, glass, pottery	0.6	101.0	—	27.3	—	41.7	0.7	92.7	0.7	84.2	0.7	0.3	2.0	194.0	9.0	63.3	11.0	257.3
(*a*) Building materials	0.6	75.7	—	19.7	—	27.1	0.6	69.9	0.6	63.6	0.7	0.3	1.9	145.9	8.4	44.9	10.3	190.8
(*b*) Glassware and pottery	—	25.3	—	7.6	—	14.6	0.1	22.8	0.1	20.6	—	—	0.1	48.1	0.6	18.4	0.7	66.5
G. Chemicals	192.6	805.7	47.4	269.0	37.4	329.3	462.0	543.8	308.7	500.9	32.7	0.7	687.3	1 350.2	747.2	792.8	1 434.5	2 143.0
(*a*) Synthetic fibres	0.1	10.8	—	7.1	—	1.7	—	10.4	—	5.4	—	—	0.1	21.2	2.9	8.5	3.0	29.7
(*b*) Petroleum products	139.1	187.7	35.6	2.4	14.9	118.2	418.6	63.7	276.2	55.6	29.9	0.1	587.6	251.5	654.5	156.7	1 242.1	408.2
(*c*) Mineral chemicals	16.2	242.3	4.7	112.4	6.7	57.6	19.7	106.3	10.8	95.5	0.5	—	36.4	348.6	44.1	174.9	80.5	523.5
(*d*) Dyeing, tanning and colouring materials	5.9	51.5	2.2	30.4	1.3	14.3	7.0	58.8	5.6	55.8	0.5	0.1	13.4	110.4	13.6	47.0	27.0	157.4
(*e*) Medicinal and pharmaceutical products	9.9	131.6	0.5	44.1	2.1	63.2	1.8	90.7	1.5	83.0	1.5	0.2	13.2	222.5	6.0	173.4	19.2	395.9
(*f*) Essential oils, perfumes, soap, etc.	12.7	51.2	0.9	5.1	11.0	42.0	4.1	57.3	4.1	56.7	—	—	16.8	108.5	7.4	48.6	24.2	157.1
(*g*) Explosives and miscellaneous chemical products	8.7	130.6	3.5	67.5	1.4	32.3	10.8	156.6	10.5	148.9	0.3	0.3	19.8	287.5	18.7	183.7	38.5	471.2
H. Base metals	437.2	720.3	163.7	211.2	63.1	265.9	295.4	380.1	267.6	329.0	1.7	0.1	734.3	1 100.5	209.1	271.0	943.4	1 371.5
(*a*) Iron and steel	7.9	665.9	1.7	191.5	4.0	254.4	7.9	309.0	7.8	268.4	0.9	0.1	16.7	975.0	26.2	198.7	42.9	1 173.7
(*b*) Non-ferrous base metals	429.3	54.4	162.0	19.7	59.1	11.5	287.5	71.1	259.8	60.6	0.8	—	717.6	125.5	182.9	72.3	900.5	197.8
of which : Copper	*362.6*	*29.4*	*153.0*	*13.8*	*35.6*	*4.5*	*239.7*	*19.2*	*216.5*	*18.3*	*0.2*	—	*602.5*	*48.6*	*51.9*	*18.5*	*654.4*	*67.1*
Aluminium	*10.2*	*14.4*	*0.2*	*3.3*	*6.3*	*5.7*	*0.8*	*21.5*	*0.8*	*15.9*	—	—	*11.0*	*35.9*	*4.0*	*36.3*	*15.0*	*72.2*
Tin	*10.6*	*0.6*	*0.1*	—	*0.8*	*0.3*	—	*2.7*	—	*2.2*	*0.6*	—	*11.2*	*3.3*	*55.2*	*1.2*	*66.4*	*4.5*
I. Metal products	21.7	2 732.2	2.3	1 331.8	2.0	772.8	87.5	2 673.1	69.2	2 410.1	2.9	1.3	112.1	5 406.6	18.4	2 754.9	130.5	8.161.5
(*a*) Manufactures of metals	2.0	330.2	0.3	116.8	1.4	116.7	6.7	290.6	6.5	253.0	0.2	—	8.9	620.8	8.4	146.6	17.3	767.4
(*b*) Machinery other than electric	10.3	881.0	—	473.2	0.3	219.5	42.6	967.9	42.6	874.5	—	0.1	52.9	1 849.0	1.4	1 305.0	54.3	3 154.0
(*c*) Electric machinery and appliances	0.6	456.2	0.1	227.1	0.3	121.1	9.1	462.2	9.1	412.4	0.3	0.3	10.0	918.7	4.7	316.0	14.7	1 234.7
(*d*) Transport equipment	8.2	941.0	1.6	435.0	—	280.4	23.9	878.2	6.1	798.9	2.0	0.8	34.1	1 820.0	2.1	904.4	36.2	2 724.4
of which : Road motor vehicles	*0.2*	*591.8*	—	*306.2*	—	*223.7*	*0.1*	*479.2*	*0.1*	*460.0*	*2.0*	*0.1*	*2.3*	*1 071.1*	—	*627.6*	*2.3*	*1 698.7*
Ships and boats	*7.6*	*209.4*	—	*78.2*	—	*14.1*	*17.9*	*134.8*	—	*49.8*	—	*0.4*	*25.5*	*344.6*	*0.7*	*103.6*	*26.2*	*448.2*
(*e*) Other manufactures of metals	0.6	123.8	0.3	79.7	—	35.1	5.2	74.2	4.9	71.3	0.4	0.1	6.2	198.1	1.8	82.9	8.0	281.0
J. Miscellaneous	76.9	181.4	24.5	58.9	11.3	71.1	27.9	132.7	27.3	120.7	0.4	0.9	105.2	315.0	62.8	149.2	168.0	464.2
IV. — Other	8.4	37.2	4.2	1.4	3.6	30.9	5.2	83.2	5.1	83.2	—	—	13.6	120.4	95.0	114.8	108.6	235.2
Total	7 238.0	5 977.0	2 108.7	2 065.7	2 427.7	2 311.5	6 183.7	5 039.1	5 301.5	4 329.1	206.6	52.5	13 628.3	11 068.6	7 097.3	6 384.2	20 725.6	17 452.8

Sources and methods : See Appendix B.

[a] OEEC member countries excluding Switzerland.

[b] Excluding Switzerland.

TABLE II

Trade in wheat (SITC group 041) between selected areas of the world

Millions of current dollars

Imports into / Exports from:		EEC [a]	of which:					EFTA	of which: Sweden	Rest of western Europe	of which:				Western Europe [a]	Eastern Europe [a]	of which:			North America	of which:		Latin America	Associated territories of EEC	Other countries in Africa [b]	Other countries in Asia [b]	Oceania	World [a]
			Belgium-Luxembourg	France	Western Germany	Italy	Netherlands				Greece	Ireland	Spain	Turkey			Czechoslovakia	Eastern Germany	Soviet Union		United States	Canada						
European Economic Community	1957	39.7	0.1	25.5	0.1	13.6	0.4	11.6	11.5	3.1	—	—	2.2	0.9	55.0	2.4	1.1	—	1.2	258.8	130.4	128.3	54.5	2.0	18.1	12.8	11.0	414.6
	1958	33.2	3.9	28.2	0.5	0.2	0.4	6.6	6.6	0.9	—	—	0.6	0.3	40.7	2.7	1.1	—	1.6	162.4	52.4	109.9	30.7	5.8	25.8	13.7	—	282.0
	1959	38.4	7.4	24.6	0.2	5.7	0.5	4.6	4.4	17.1	1.9	—	3.0	12.2	60.1	39.8	2.0	0.4	37.4	147.3	44.5	102.8	23.2	—	20.9	1.9	5.3	298.6
of which :																												
Belgium-Luxembourg	1957	0.2		—	—	—	0.2	—	—	—	—	—	—	—	0.3	—	—	—	—	23.6	6.9	16.7	1.7	—	—	0.1	—	25.7
	1958	0.4		—	0.1	—	0.3	—	—	0.3	—	—	0.2	0.1	0.7	0.3	—	—	0.3	25.3	4.0	21.3	4.5	—	—	—	—	30.9
	1959	0.5		0.1	0.1	—	0.3	—	—	0.3	—	—	—	0.3	0.8	2.3	—	—	2.3	23.4	4.6	18.8	2.7	—	—	—	—	29.2
France	1957	8.8	—		—	8.7	—	—	—	—	—	—	—	—	9.3	—	—	—	—	32.9	25.2	7.7	0.9	2.0	18.1	1.0	—	64.3
	1958	—	—		—	—	—	—	—	—	—	—	—	—	0.1	0.2	—	—	0.2	—	—	—	0.7	5.8	25.8	—	—	32.6
	1959	2.6	—		—	2.6	—	—	—	0.6	—	—	—	0.6	3.3	11.4	—	—	11.4	7.9	2.6	5.3	1.1	—	20.9	—	—	44.7
Western Germany	1957	26.8	—	21.7		4.9	0.2	9.7	9.7	—	—	—	—	—	36.6	2.3	1.1	—	1.1	137.5	60.8	76.7	26.5	—	—	3.0	10.9	216.8
	1958	25.8	0.6	24.9		0.2	0.1	6.5	6.5	0.4	—	—	0.4	—	32.7	1.2	1.1	—	—	99.4	36.0	63.3	18.8	—	—	2.4	—	154.5
	1959	26.8	1.1	22.4		3.0	0.2	4.4	4.4	14.3	—	—	3.0	11.2	45.5	5.2	2.0	—	3.2	92.0	25.9	66.1	18.1	—	—	—	5.3	166.2
Italy	1957	—	—	—	—		—	—	—	3.1	—	—	2.2	0.9	3.1	—	—	—	—	22.8	17.5	5.3	17.1	—	—	8.6	—	51.7
	1958	—	—	—	—		—	—	—	0.1	—	—	—	0.1	0.1	—	—	—	—	1.1	0.5	0.5	3.1	—	—	11.3	—	15.7
	1959	—	—	—	—		—	—	—	—	—	—	—	—	—	—	—	—	—	2.6	—	2.6	0.1	—	—	1.9	—	4.6
Netherlands	1957	3.9	0.1	3.7	—	—		1.8	1.8	—	—	—	—	—	5.7	0.1	—	—	0.1	42.0	20.0	21.9	8.3	—	—	—	—	56.1
	1958	7.0	3.3	3.3	0.4	—		—	—	—	—	—	—	—	7.1	1.0	—	—	1.0	36.6	11.9	24.7	3.5	—	—	—	—	48.3
	1959	8.5	6.2	2.1	—	0.1		0.1	—	1.9	1.9	—	—	—	10.5	20.9	—	0.4	20.5	21.4	11.4	10.0	1.1	—	—	—	—	53.9
European Free Trade Association	1957	31.9	6.0	20.9	0.1	3.6	1.3	4.7	3.6	—	—	—	—	—	36.6	11.1	—	—	11.1	302.1	100.8	201.3	52.9	—	—	0.8	48.1	451.8
	1958	49.5	1.5	40.7	1.1	5.6	0.6	2.9	2.5	2.0	—	1.8	0.1	—	54.4	20.5	0.8	—	19.7	276.7	60.4	216.3	36.0	—	—	0.3	18.3	406.2
	1959	33.7	1.2	7.5	0.5	23.4	1.0	1.2	1.1	8.3	4.2	2.5	0.1	1.5	43.3	29.4	—	5.0	24.2	248.4	47.9	200.5	32.6	—	—	0.5	33.6	387.9
of which :																												
Austria	1957	0.7	—	—	—	0.6	—	0.6	—	—	—	—	—	—	1.3	0.7	—	—	0.7	9.7	5.1	4.6	3.2	—	—	—	—	14.9
	1958	0.2	—	—	—	0.2	—	—	—	0.1	—	—	—	—	0.3	2.3	0.6	—	1.6	8.8	4.3	4.4	2.2	—	—	—	—	13.6
	1959	1.3	—	—	0.2	0.9	0.2	—	—	0.7	—	—	—	0.7	2.0	1.6	—	1.5	—	11.9	1.4	10.5	2.4	—	—	0.4	0.7	19.1
Denmark	1957	0.8	—	0.8	—	—	—	0.6	0.6	—	—	—	—	—	1.4	0.8	—	—	0.8	7.4	7.0	0.4	5.9	—	—	—	—	15.7
	1958	1.6	—	1.5	0.1	—	—	2.4	2.1	—	—	—	—	—	4.0	—	—	—	—	3.2	2.9	0.3	1.0	—	—	—	—	8.2
	1959	1.4	0.2	0.9	0.1	0.2	—	0.8	0.8	0.8	0.5	—	—	0.3	3.1	2.9	—	1.1	1.8	3.8	3.1	0.7	1.3	—	—	—	—	11.1
Norway	1957	0.2	—	0.2	—	—	—	0.8	0.8	—	—	—	—	—	1.0	8.5	—	—	8.5	8.2	2.0	6.2	3.2	—	—	—	—	20.9
	1958	2.0	—	2.0	—	—	—	0.4	0.4	—	—	—	—	—	2.4	7.6	—	—	7.6	9.8	3.1	6.7	0.7	—	—	—	—	20.5
	1959	1.5	—	1.3	—	0.1	—	0.2	0.1	0.1	0.1	—	—	—	1.8	5.2	—	—	5.2	12.7	6.7	6.0	0.4	—	—	—	—	20.1
Portugal	1957	0.9	—	0.9	—	—	—	—	—	—	—	—	—	—	0.9	—	—	—	—	5.2	5.2	—	—	—	—	—	—	6.1
	1958	2.5	—	2.3	—	0.2	—	—	—	—	—	—	—	—	2.5	—	—	—	—	—	—	—	—	—	—	—	—	2.5
	1959	0.6	—	0.4	—	0.1	—	—	—	0.2	0.2	—	—	—	0.8	0.3	—	—	0.3	0.9	0.9	—	0.5	—	—	—	—	2.5
Sweden	1957	0.7	—	0.1	—	0.6	—	—		—	—	—	—	—	0.7	—	—	—	—	6.0	5.4	0.5	1.3	—	—	—	—	8.1
	1958	1.4	—	1.1	—	0.3	—	—		0.1	—	—	0.1	—	1.5	3.4	—	—	3.4	3.4	3.2	0.2	1.9	—	—	—	—	10.3
	1959	1.0	—	—	—	1.0	—	—		0.1	—	—	0.1	—	1.1	8.4	—	0.7	7.7	1.2	1.1	—	0.2	—	—	—	—	11.0
Switzerland	1957	2.4	—	0.4	0.1	1.9	—	0.4	0.4	—	—	—	—	—	2.8	—	—	—	—	31.6	12.5	19.0	4.3	—	—	0.7	—	39.4
	1958	4.4	—	2.3	—	2.1	—	—	—	—	—	—	—	—	4.4	0.7	—	—	0.7	26.9	0.9	26.0	0.1	—	—	—	—	32.2
	1959	5.7	—	1.5	—	4.2	—	0.1	0.1	—	—	—	—	—	5.8	0.2	—	—	0.2	14.0	0.5	13.5	0.3	—	—	—	—	20.4
United Kingdom	1957	26.2	5.9	18.5	—	0.4	1.3	2.3	1.8	—	—	—	—	—	28.5	1.0	—	—	1.0	234.0	63.6	170.4	35.0	—	—	0.1	48.1	346.7
	1958	37.3	1.5	31.5	0.9	2.8	0.6	0.1	—	1.8	—	1.8	—	—	39.2	6.5	0.2	—	6.3	224.6	46.0	178.6	30.1	—	—	0.2	18.3	318.9
	1959	22.1	1.0	3.3	0.2	16.8	0.8	0.1	0.1	6.4	3.4	2.5	—	0.5	28.7	10.6	—	1.6	9.0	203.9	34.1	169.8	27.5	—	—	0.1	32.9	303.7
Rest of western Europe	1957	11.1	—	—	—	11.1	—	—	—	—	—	—	—	—	11.1	28.4	—	—	28.4	154.6	149.6	5.0	—	—	—	1.0	2.3	197.4
	1958	0.3	—	0.1	—	0.2	—	0.5	0.1	—	—	—	—	—	0.8	27.1	—	—	27.1	70.1	62.3	7.8	2.4	—	—	0.2	1.6	102.2
	1959	0.3	—	0.1	—	0.2	—	0.4	0.3	—	—	—	—	—	0.7	29.8	—	—	29.8	80.1	68.8	11.3	4.4	—	—	—	9.0	124.1

of which :																												
Finland	1957	—	—	—	—	—	—	—	—	—	—	—	—	—	—	21.9	—	—	21.9	1.8	1.8	—	—	—	—	—	—	23.8
	1958	—	—	—	—	—	—	0.4	0.1	—	—	—	—	—	0.4	20.4	—	—	20.4	3.7	3.7	—	0.1	—	—	—	—	24.6
	1959	—	—	—	—	—	—	0.3	0.3	—	—	—	—	—	0.3	18.8	—	—	18.8	3.1	1.1	2.0	—	—	—	—	—	22.2
Greece	1957	—	—	—	—	—	—	—	—	—		—	—	—	—	—	—	—	—	27.8	27.8	—	—	—	—	0.4	—	28.2
	1958	—	—	—	—	—	—	—	—	—		—	—	—	—	—	—	—	—	4.9	4.9	—	—	—	—	—	—	4.9
	1959	—	—	—	—	—	—	—	—	—		—	—	—	—	—	—	—	—	3.1	3.1	—	—	—	—	—	—	3.1
Ireland	1957	—	—	—	—	—	—	—	—	—	—		—	—	—	—	—	—	—	7.4	2.4	5.0	—	—	—	—	2.3	9.7
	1958	0.1	—	0.1	—	—	—	0.1	—	—	—		—	—	0.2	—	—	—	—	9.5	1.7	7.8	2.3	—	—	—	1.6	13.6
	1959	0.3	—	0.1	—	0.2	—	0.1	—	—	—		—	—	0.4	—	—	—	—	10.2	0.9	9.3	4.4	—	—	—	9.0	24.0
Spain	1957	8.0	—	—	—	8.0	—	—	—	—	—	—		—	8.0	—	—	—	—	1.5	1.5	—	—	—	—	—	—	9.5
	1958	0.2	—	—	—	0.2	—	—	—	—	—	—		—	0.2	—	—	—	—	0.3	0.3	—	—	—	—	—	—	0.6
	1959	—	—	—	—	—	—	—	—	—	—	—		—	—	—	—	—	—	2.7	2.7	—	—	—	—	—	—	2.7
Turkey	1957	2.1	—	—	—	2.1	—	—	—	—	—	—	—		2.1	—	—	—	—	35.6	35.6	—	—	—	—	—	—	37.7
	1958	—	—	—	—	—	—	—	—	—	—	—	—		—	—	—	—	—	4.3	4.3	—	—	—	—	—	—	4.3
	1959	—	—	—	—	—	—	—	—	—	—	—	—		—	—	—	—	—	—	—	—	—	—	—	—	—	—
Yugoslavia	1957	1.0	—	—	—	1.0	—	—	—	—	—	—	—	—	1.0	6.5	—	—	6.5	80.4	80.4	—	—	—	—	0.6	—	88.5
	1958	—	—	—	—	—	—	—	—	—	—	—	—	—	—	6.7	—	—	6.7	47.3	47.3	—	—	—	—	0.2	—	54.2
	1959	—	—	—	—	—	—	—	—	—	—	—	—	—	—	11.0	—	—	11.0	61.0	61.0	—	—	—	—	—	—	72.0
Western Europe	1957	82.7	6.1	46.4	0.2	28.3	1.7	16.3	15.1	3.1	—	—	2.2	0.9	102.7	41.9	1.1	—	40.7	715.5	380.9	334.6	107.4	2.0	18.2	14.7	61.4	1 063.8
	1958	83.1	5.4	69.0	1.6	6.1	1.0	10.0	9.2	2.9	—	1.8	0.7	0.3	96.0	50.4	2.0	—	48.4	509.2	175.1	334.1	69.1	5.8	25.8	14.2	19.9	790.4
	1959	72.4	8.6	32.2	0.7	29.3	1.6	6.2	5.8	25.5	6.2	2.5	3.1	13.7	104.1	99.0	2.0	5.4	91.5	475.9	161.2	314.7	60.2	0.1	20.9	2.4	47.9	810.6
Eastern Europe	1957	0.6	—	0.6	—	—	—	—	—	—	—	—	—	—	0.6	..	..	..	..	54.6	28.3	26.3						
	1958	0.1	—	0.1	—	—	—	—	—	—	—	—	—	—	0.2	..	..	..	..	32.3	20.3	12.0						
	1959	3.4	—	—	—	3.4	—	—	—	2.9	—	—	—	0.6	6.3	..	..	..	..	36.9	16.0	20.9						
of which :																												
Bulgaria	1957	—	—	—	—	—	—	—	—	—	—	—	—	—	—	..	..	..	..	—	—	—						
	1958	—	—	—	—	—	—	—	—	—	—	—	—	—	—	..	..	..	..	—	—	—						
	1959	2.9	—	—	—	2.9	—	—	—	2.2	—	—	—	2.2	5.1	..	..	..	..	—	—	—						
Poland	1957	—	—	—	—	—	—	—	—	—	—	—	—	—	—	..	..	..	..	45.1	28.3	16.8						
	1958	0.1	—	0.1	—	—	—	—	—	—	—	—	—	—	0.1	..	..	..	..	19.9	19.9	—						
	1959	—	—	—	—	—	—	—	—	—	—	—	—	—	—	..	..	..	..	25.6	16.0	9.6						
Rumania	1957	—	—	—	—	—	—	—	—	—	—	—	—	—	—	..	..	..	..	—	—	—						
	1958	—	—	—	—	—	—	—	—	—	—	—	—	—	—	..	..	..	..	0.4	0.4	—						
	1959	0.4	—	—	—	0.4	—	—	—	—	—	—	—	—	0.4	..	..	..	..	—	—	—						
Soviet Union	1957	—	—	—	—	—	—	—	—	—	—	—	—	—	—	..	..	..	..	9.4	—	9.4						
	1958	—	—	—	—	—	—	—	—	—	—	—	—	—	—	..	..	..	..	12.0	—	12.0						
	1959	—	—	—	—	—	—	—	—	0.6	—	—	—	0.6	0.6	..	..	..	..	11.3	—	11.3						
Latin America	1957	—	—	—	—	—	—	—	—	—	—	—	—	—	—													
	1958	—	—	—	—	—	—	—	—	—	—	—	—	—	—													
	1959	2.9	—	2.9	—	—	—	—	—	—	—	—	—	—	2.9													
Associated territories of EEC countries	1957	3.1	—	2.8	—	0.3	—	—	—	—	—	—	—	—	3.1													
	1958	13.2	—	13.2	—	—	—	—	—	2.6	—	—	2.6	—	15.8													
	1959	17.7	—	17.7	—	—	—	—	—	1.4	—	—	1.4	—	19.1													
Other associated territories of western European countries	1957	0.1	—	—	—	0.1	—	—	—	—	—	—	—	—	0.1													
	1958	0.7	—	0.4	—	0.2	—	—	—	—	—	—	—	—	0.7													
	1959	0.4	—	0.1	—	0.3	—	—	—	0.4	—	—	—	0.4	0.8													
Other countries in Africa	1957	14.8	—	—	—	14.8	—	—	—	1.1	—	—	1.1	—	16.0													
	1958	21.1	—	—	—	21.1	—	—	—	0.2	—	—	0.2	—	21.3													
	1959	10.5	—	0.6	—	9.8	—	—	—	0.6	—	—	—	0.6	11.1													
Other countries in Asia	1957	4.9	—	2.4	—	2.5	—	—	—	—	—	—	—	—	4.9													
	1958	1.0	—	0.7	—	0.3	—	—	—	2.4	—	—	—	2.4	3.4													
	1959	2.3	—	0.4	—	1.9	—	—	—	10.1	2.4	—	0.7	7.0	12.4													

Sources : OEEC, *Statistical Bulletins — Foreign Trade*, Series IV and C, Vol. II, Paris; United Nations, *Commodity Trade Statistics*, Statistical Papers, Series D, January-December 1957, 1958 and 1959, New York; national trade statistics.

NOTE. — All figures for imports into countries and areas other than western Europe were taken from export data of western European and North American countries, without any adjustment of the latter to c.i.f. basis. Minor discrepancies in totals are due to rounding.

[a] Including unspecified and some statistical differences. [b] Excluding associated territories of western Europe.

TABLE III

Trade in barley (SITC group 043) between selected areas of the world

Millions of current dollars

Exports from : / Imports into :		EEC [a]	*of which :*				EFTA	*of which :*			Rest of western Europe	*of which :*		Western Europe [a]	Eastern Europe [a]	*of which :*			North America	*of which :*		Latin America	Associated territories of EEC	Other countries in Africa [b]	Other countries in Asia [b]	Oceania	World [a]
			Belgium-Luxembourg	France	Western Germany	Netherlands		Denmark	Sweden	United Kingdom		Turkey	Yugoslavia			Czechoslovakia	Poland	Soviet Union		United States	Canada						
European Economic Community	1957	64.2	1.5	58.6	—	4.0	7.8	6.3	0.8	0.7	—	—	—	72.1	19.9	1.8	0.6	17.4	26.5	16.0	10.5	34.1	2.0	3.7	13.2	8.8	180.1
	1958	12.1	0.2	6.1	0.4	5.4	27.3	18.9	1.8	6.6	7.1	5.5	1.6	46.6	6.6	1.6	2.4	2.5	49.7	49.0	0.7	20.2	6.7	4.0	8.8	10.1	152.7
	1959	7.4	0.2	3.7	—	3.4	24.0	13.1	0.6	10.3	9.5	9.2	0.2	41.1	8.0	1.3	2.9	3.8	65.7	64.4	1.3	10.9	4.9	5.7	1.3	24.3	162.2
of which :																											
Belgium-Luxembourg	1957	25.5		22.1	—	3.4	1.6	1.4	—	0.2	—	—	—	27.1	3.3	0.4	0.2	2.7	2.2	2.2	—	0.9	—	—	5.3	1.1	40.0
	1958	3.7		0.8	—	2.9	4.4	2.5	—	1.9	—	—	—	8.2	2.3	0.4	1.5	0.3	13.1	13.0	0.1	0.2	0.1	0.4	3.6	0.4	28.3
	1959	4.3		2.4	—	1.9	4.0	0.4	—	3.6	—	—	—	8.4	0.8	0.4	0.3	0.1	10.3	10.1	0.2	0.1	—	—	0.5	2.0	22.1
France	1957	—	—		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0.1
	1958	—	—		—	—	1.2	1.2	—	—	—	—	—	1.2	—	—	—	—	—	—	—	—	5.5	0.2	—	—	7.0
	1959	—	—		—	—	0.2	0.2	—	—	—	—	—	0.3	—	—	—	—	—	—	—	—	4.6	3.4	—	1.5	9.8
Western Germany	1957	24.7	—	24.1		0.6	6.0	4.8	0.8	0.4	—	—	—	30.8	7.5	0.5	0.4	6.6	15.0	4.6	10.4	22.3	—	0.8	2.4	7.2	86.0
	1958	7.7	—	5.2		2.5	19.3	14.6	1.8	2.9	5.5	5.5	—	32.5	3.2	0.7	0.7	1.8	15.4	15.2	0.2	15.5	0.5	0.5	2.0	9.3	78.8
	1959	2.8	—	1.3		1.4	17.2	12.3	0.6	4.3	8.1	8.1	—	28.1	5.8	0.6	2.2	3.0	27.0	26.3	0.7	8.3	0.2	—	0.1	18.8	88.4
Italy	1957	0.4	—	0.4	—	—	0.1	0.1	—	—	—	—	—	0.5	2.7	0.5	—	2.2	0.1	—	0.1	3.2	2.0	2.2	3.2	0.5	14.2
	1958	—	—	—	—	—	0.7	0.6	—	0.1	1.6	—	1.6	2.3	0.9	0.3	0.2	0.4	1.4	1.3	0.1	1.9	0.6	2.3	2.3	0.4	12.2
	1959	—	—	—	—	—	0.5	0.2	—	0.3	1.4	1.1	0.2	1.9	1.2	0.3	0.4	0.5	2.2	2.1	0.1	2.4	0.1	2.3	0.2	1.5	12.1
Netherlands	1957	13.6	1.5	12.0	—		0.1	—	—	0.1	—	—	—	13.7	6.3	0.4	—	5.9	9.2	9.2	—	7.7	—	0.7	2.3	—	39.8
	1958	0.7	0.2	0.1	0.3		1.7	—	—	1.7	—	—	—	2.4	0.2	0.2	—	—	19.8	19.5	0.3	2.6	—	0.6	0.9	—	26.5
	1959	0.3	0.2	—	—		2.1	—	—	2.1	—	—	—	2.4	0.2	—	—	0.2	26.2	25.9	0.3	0.1	—	—	0.5	0.5	29.7
European Free Trade Association	1957	33.3	0.8	32.1	0.4	—	1.8	1.5	0.1	0.2	0.1	—	—	35.2	3.4	0.6	—	2.8	40.8	8.8	32.0	2.1	—	—	3.0	5.8	90.4
	1958	4.4	1.1	1.0	1.5	0.8	7.8	2.0	0.1	5.0	0.7	—	0.6	13.0	1.7	0.5	0.8	0.4	83.7	26.7	57.0	0.1	1.4	0.9	7.0	1.8	109.9
	1959	2.5	—	2.0	0.1	0.3	8.9	2.3	0.3	6.3	1.6	—	0.8	13.1	4.6	0.7	0.6	2.8	91.1	40.7	50.4	2.6	0.6	1.1	1.9	10.8	125.8
of which :																											
Austria	1957	—	—	—	—	—	—	—	—	—	—	—	—	—	0.2	0.2	—	—	—	—	—	—	—	—	—	—	0.3
	1958	—	—	—	—	—	1.3	0.6	0.1	0.6	—	—	—	1.3	0.6	0.1	0.4	—	0.1	0.1	—	—	—	—	—	—	2.1
	1959	—	—	—	—	—	4.9	1.1	0.1	3.6	0.8	—	0.8	5.7	3.2	0.4	0.5	1.8	1.9	1.9	—	0.7	0.3	—	—	—	12.0
Denmark	1957	9.5	0.1	9.0	0.4	—	0.2		—	0.2	—	—	—	9.7	0.4	—	—	0.4	—	—	—	—	—	—	0.9	—	11.0
	1958	2.6	0.2	0.8	1.4	0.2	5.1		—	4.4	—	—	—	7.7	—	—	—	—	4.5	4.5	—	—	1.1	0.6	2.9	—	16.8
	1959	1.1	—	1.0	0.1	—	1.8		0.1	1.7	—	—	—	2.9	0.3	—	—	0.3	19.4	19.2	0.2	1.2	0.2	0.9	1.9	2.6	29.4
Norway	1957	0.1	—	0.1	—	—	1.1	1.1	—	—	—	—	—	1.2	—	—	—	—	—	—	—	—	—	—	—	0.3	1.5
	1958	—	—	—	—	—	0.9	0.9	—	—	—	—	—	0.9	0.2	0.1	0.1	—	0.2	0.2	—	—	—	—	—	—	1.3
	1959	—	—	—	—	—	1.0	0.9	—	0.1	—	—	—	1.0	0.1	—	0.1	—	0.3	0.3	—	—	—	—	—	0.6	1.9
Sweden	1957	—	—	—	—	—	—	—		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	1958	—	—	—	—	—	0.3	0.3		—	—	—	—	0.3	—	—	—	—	0.3	0.3	—	—	0.3	0.3	0.1	—	1.4
	1959	0.4	—	0.4	—	—	0.7	—		0.7	0.1	—	—	1.3	0.5	—	—	0.5	3.5	3.5	—	0.6	0.1	0.2	—	0.4	6.5
Switzerland	1957	6.5	—	6.4	—	—	0.2	0.2	—	—	—	—	—	6.6	2.4	0.3	—	2.1	4.3	3.3	1.0	0.4	—	—	0.6	0.5	14.9
	1958	0.2	—	0.1	—	0.1	0.1	0.1	—	—	0.6	—	0.6	0.9	0.9	0.3	0.2	0.4	9.4	8.3	1.1	0.1	—	—	0.1	0.3	11.6
	1959	0.7	—	0.6	—	—	0.3	0.2	—	—	—	—	—	1.0	0.5	0.3	—	0.2	12.5	9.6	2.9	0.1	—	—	—	1.0	15.1
United Kingdom	1957	17.0	0.6	16.3	—	—	0.3	0.2	0.1		0.1	—	—	17.4	0.3	—	—	0.3	36.5	5.5	31.0	1.7	—	—	1.5	5.0	62.4
	1958	1.5	0.9	—	0.1	0.5	0.1	0.1	—		0.1	—	—	1.8	—	—	—	—	69.2	13.2	56.0	—	—	—	3.9	1.5	76.5
	1959	0.1	—	—	—	0.1	0.2	0.1	0.1		0.7	—	—	1.0	—	—	—	—	53.5	6.2	47.3	—	—	—	—	6.2	60.7

Rest of western Europe	1957	2.7	—	2.7	—	—	0.3	—	0.2	—	—	—	—	3.0	0.9	0.4	—	0.5	5.5	5.5	—	—	—	0.2	0.5	—	10.1
	1958	—	—	—	—	—	0.7	0.1	—	0.6	—	—	—	0.7	—	—	—	—	7.2	5.6	1.6	—	—	0.1	—	—	8.0
	1959	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	7.7	7.7	—	—	—	—	0.3	—	8.0
of which :																											
Greece	1957	0.4	—	0.4	—	—	—	—	—	—	—	—	—	0.4	0.5	—	—	0.5	0.4	0.4	—	—	—	—	0.3	—	1.6
	1958	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1.0	1.0	—	—	—	—	—	—	1.0
	1959	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0.6	0.6	—	—	—	—	—	—	0.6
Ireland	1957	2.3	—	2.3	—	—	—	—	—	—	—	—	—	2.3	—	—	—	—	—	—	—	—	—	—	—	—	2.3
	1958	—	—	—	—	—	0.6	—	—	0.6	—	—	—	0.6	—	—	—	—	2.8	1.2	1.6	—	—	—	—	—	3.5
	1959	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0.4	0.4	—	—	—	—	—	—	0.4
Spain	1957	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	5.0	5.0	—	—	—	0.2	—	—	5.2
	1958	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3.3	3.3	—	—	—	0.1	—	—	3.4
	1959	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	6.6	6.6	—	—	—	—	—	—	6.6
Western Europe	1957	100.2	2.3	93.4	0.4	4.0	9.9	7.8	1.1	0.9	0.2	—	—	110.3	24.2	2.8	0.6	20.7	72.8	30.3	42.5	36.2	2.0	3.9	16.7	14.6	280.6
	1958	16.5	1.3	7.1	1.9	6.2	35.8	21.0	1.9	12.2	7.8	5.5	2.2	60.3	8.3	2.1	3.2	2.9	140.6	81.3	59.3	20.3	8.1	5.0	15.8	11.9	270.6
	1959	9.9	0.2	5.7	0.1	3.7	32.9	15.4	0.9	16.6	11.1	9.2	1.0	54.2	12.6	2.0	3.5	6.6	164.5	112.8	51.7	13.5	5.5	6.8	3.5	35.1	296.0
Eastern Europe	1957	11.3	—	11.3	—	—	0.2	0.2	—	—	—	—	—	11.5	..	..	..	..	—	—	—						
	1958	—	—	—	—	—	4.6	4.3	0.3	—	0.5	—	0.5	5.1	..	..	..	..	14.2	9.0	5.2						
	1959	—	—	—	—	—	0.3	0.1	0.2	—	1.3	1.2	0.1	1.6	..	..	..	..	17.2	11.9	5.3						
of which :																											
Eastern Germany	1957	—	—	—	—	—	0.2	0.2	—	—	—	—	—	0.2	..	..	..	..	—	—	—						
	1958	—	—	—	—	—	0.8	0.5	0.3	—	—	—	—	0.9	..	..	..	..	—	—	—						
	1959	—	—	—	—	—	0.3	—	0.2	—	1.2	1.2	—	1.5	..	..	..	..	—	—	—						
Hungary	1957	9.5	—	9.5	—	—	—	—	—	—	—	—	—	9.5	..	..	..	..	—	—	—						
	1958	—	—	—	—	—	—	—	—	—	—	—	—	—	..	..	..	..	—	—	—						
	1959	—	—	—	—	—	—	—	—	—	—	—	—	—	..	..	..	..	—	—	—						
Poland	1957	1.8	—	1.8	—	—	—	—	—	—	—	—	—	1.8	..	..	..	..	—	—	—						
	1958	—	—	—	—	—	—	—	—	—	—	—	—	—	..	..	..	..	9.0	9.0	—						
	1959	—	—	—	—	—	0.1	0.1	—	—	—	—	—	0.1	..	..	..	..	17.2	11.9	5.3						
Soviet Union	1957	—	—	—	—	—	—	—	—	—	—	—	—	—	..	..	..	..	—	—	—						
	1958	—	—	—	—	—	3.8	3.8	—	—	—	—	—	3.8	..	..	..	..	5.2	—	5.2						
	1959	—	—	—	—	—	—	—	—	—	—	—	—	—	..	..	..	..	—	—	—						

Sources : OEEC, *Statistical Bulletins — Foreign Trade*, Series IV and C, Vol. II, Paris; United Nations, *Commodity Trade Statistics*, Statistical Papers, Series D, January-December 1957, 1958 and 1959. New York; national trade statistics.

NOTE. — All figures for imports into eastern Europe were taken from export data of western European and North American countries without any adjustment of the latter to c.i.f. basis. Minor discrepancies in totals are due to rounding.

[a] Including unspecified and some statistical differences.

[b] Excluding associated territories of western Europe.

TABLE IV

Trade in maize (SITC group 044) between selected areas of the world

Millions of current dollars

Exports from : / Imports into :		EEC [a]	of which : Belgium-Luxembourg	France	Western Germany	Italy	Netherlands	EFTA	Rest of western Europe	of which : Yugoslavia	Western Europe [a]	Eastern Europe [a]	of which : Bulgaria	Rumania	Soviet Union	North America	of which : United States	Canada	Latin America	Associated territories of EEC	Other associated territories of western Europe	Other countries in Africa	Other countries in Asia	World [a]
European Economic Community	1957	2.2	1.0	—	0.1	0.9	0.1	0.1	0.6	0.6	2.9	3.2	1.2	0.1	1.7	65.0	65.0	—	50.9	0.6	2.5	43.4	1.0	169.5
	1958	1.2	0.5	—	0.4	—	0.1	0.2	11.5	11.5	12.9	6.5	1.7	4.6	—	52.8	52.1	0.6	65.8	0.7	4.8	42.3	4.7	190.6
	1959	1.3	0.4	0.7	—	0.1	0.1	0.2	6.6	6.4	8.1	2.3	—	0.1	2.0	85.3	82.9	2.4	91.7	0.5	5.0	22.6	3.1	218.7
of which :																								
Belgium-Luxembourg	1957	0.2		—	—	0.1	—	—	—	—	0.2	0.1	—	—	0.1	13.7	13.7	—	10.9	0.4	0.4	1.6	—	27.4
	1958	0.2		—	—	—	0.1	—	1.3	1.3	1.5	0.3	0.3	—	—	11.1	11.0	0.1	13.4	0.4	1.0	0.4	—	28.1
	1959	0.1		—	—	0.1	—	—	0.1	0.1	0.2	—	—	—	—	15.0	14.8	0.2	15.2	0.5	—	—	—	31.1
France	1957	0.1	—		—	—	0.1	—	—	—	0.1	0.4	0.4	—	—	7.6	7.6	—	0.5	—	—	3.5	0.9	13.2
	1958	—	—		—	—	—	—	4.1	4.1	4.1	2.2	0.9	1.3	—	6.5	6.5	—	0.5	—	0.6	6.6	3.8	24.4
	1959	—	—		—	—	—	—	—	—	—	—	—	—	—	4.6	4.6	—	1.4	—	0.1	2.8	2.1	11.1
Western Germany	1957	0.8	—	—		0.7	—	0.1	0.4	0.4	1.3	1.7	0.4	0.1	1.1	16.4	16.4	—	10.1	0.2	0.1	21.6	0.1	51.5
	1958	—	—	—		—	—	0.1	5.3	5.3	5.4	2.3	0.2	1.9	—	5.8	5.7	—	11.8	—	2.5	17.2	0.5	45.5
	1959	—	—	—		—	—	0.1	2.9	2.9	3.1	1.2	—	—	1.1	21.9	21.9	—	9.9	—	3.0	13.0	—	52.1
Italy	1957	—	—	—	—		—	—	0.1	0.1	0.1	0.4	0.4	—	—	2.5	2.5	—	14.6	—	—	7.1	—	24.8
	1958	—	—	—	—		—	0.1	0.1	0.1	0.2	1.2	0.2	1.0	—	2.3	2.3	—	21.6	—	—	14.4	0.4	40.2
	1959	0.5	—	0.5	—		—	—	3.6	3.4	4.2	1.0	—	0.1	0.9	5.9	5.9	—	42.3	—	1.8	6.8	—	62.1
Netherlands	1957	1.1	1.0	—	0.1	—		—	—	—	1.2	0.6	—	—	0.5	24.7	24.7	—	14.7	—	1.9	9.5	—	52.6
	1958	1.0	0.5	—	0.4	—		—	0.7	0.7	1.7	0.4	—	0.4	—	27.1	26.6	0.5	18.5	0.3	0.7	3.6	—	52.3
	1959	0.6	0.4	0.2	—	—		—	—	—	0.6	—	—	—	—	37.8	35.7	2.1	22.8	—	—	—	0.9	62.2
European Free Trade Association	1957	5.8	4.5	—	—	0.3	0.9	—	0.8	0.8	6.6	6.1	1.3	3.1	1.4	121.6	121.3	0.3	3.2	—	1.1	15.1	—	153.8
	1958	8.3	3.2	0.7	0.2	0.7	3.5	0.4	12.4	12.4	21.2	9.3	1.2	7.7	—	93.1	89.9	3.2	15.3	—	6.8	25.8	—	171.7
	1959	7.4	2.5	1.5	—	—	3.3	—	7.8	7.8	15.2	4.8	0.2	1.8	2.2	151.8	146.6	5.2	25.9	—	4.6	11.8	0.1	214.3
of which :																								
Austria	1957	0.2	—	—	—	0.2	—	—	0.5	0.5	0.7	4.7	1.3	2.0	1.1	22.6	22.6	—	0.2	—	—	—	—	28.2
	1958	0.6	—	—	—	0.6	—	0.4	1.6	1.6	2.6	2.9	0.3	2.1	—	11.6	11.6	—	1.0	—	3.6	0.6	—	22.3
	1959	—	—	—	—	—	—	—	4.3	4.3	4.3	3.3	0.2	0.6	1.9	10.5	10.5	—	1.6	—	0.1	—	—	20.0
Denmark	1957	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1.2	1.2	—	0.3	—	—	—	—	1.5
	1958	0.2	—	—	0.2	—	—	—	—	—	0.2	—	—	—	—	1.5	1.5	—	1.6	—	—	—	—	3.3
	1959	—	—	—	—	—	—	—	—	—	—	—	—	—	—	4.3	4.3	—	2.8	—	—	—	—	7.2
Norway	1957	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3.1	3.1	—	—	—	—	—	—	3.1
	1958	—	—	—	—	—	—	—	—	—	—	0.3	—	0.3	—	2.3	2.3	—	0.1	—	—	—	—	2.8
	1959	—	—	—	—	—	—	—	—	—	—	—	—	—	—	4.3	4.3	—	0.1	—	—	—	—	4.4
Portugal	1957	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0.9	—	—	0.9
	1958	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1.1	—	—	1.1
	1959	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1.8	—	—	1.8
Sweden	1957	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1.8	1.8	—	—	—	—	0.2	—	2.1
	1958	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1.5	1.5	—	0.6	—	—	—	—	2.3
	1959	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2.3	2.3	—	1.0	—	—	—	—	3.3

Switzerland	1957	0.1	—	—	—	0.1	—	—	0.3	0.3	0.4	1.1	—	1.1	—	2.2	2.2	—	2.5	—	0.1	—	—	6.3
	1958	0.1	—	—	—	—	—	—	0.2	0.2	0.3	2.3	—	2.3	—	0.5	0.5	—	2.0	—	—	—	—	5.2
	1959	0.1	—	—	—	—	—	—	0.7	0.7	0.8	0.3	—	0.3	—	0.5	0.5	—	2.8	—	—	—	—	4.5
United Kingdom	1957	5.5	4.5	—	—	—	0.9	—	—	—	5.5	0.2	—	—	0.2	90.7	90.4	0.3	0.1	—	0.1	14.9	—	111.7
	1958	7.4	3.2	0.7	—	—	3.5	—	10.6	10.6	18.1	3.8	0.9	2.9	—	75.6	72.4	3.2	9.9	—	2.1	25.2	—	134.7
	1959	7.3	2.5	1.5	—	—	3.3	—	2.8	2.7	10.1	1.2	—	0.8	0.3	129.8	124.7	5.1	17.6	—	2.6	11.7	0.1	173.1
Rest of western Europe	1957	0.1	—	—	—	0.1	—	—	—	—	0.1	1.7	0.4	—	1.3	11.0	11.0	—	0.6	—	—	—	—	13.5
	1958	0.4	—	0.4	—	—	—	0.1	1.3	1.3	1.8	0.5	0.1	—	0.4	10.5	10.5	—	—	—	—	0.4	—	13.2
	1959	0.2	—	0.1	—	—	—	0.1	—	—	0.3	1.3	—	—	1.3	12.6	12.6	—	0.2	—	—	—	—	14.4
of which : Finland	1957	—	—	—	—	—	—	—	—	—	—	1.6	0.2	—	1.3	1.7	1.7	—	0.6	—	—	—	—	4.0
	1958	0.4	—	0.4	—	—	—	—	1.3	1.3	1.7	0.5	0.1	—	0.4	0.1	0.1	—	—	—	—	—	—	2.4
	1959	0.1	—	0.1	—	—	—	—	—	—	0.1	1.3	—	—	1.3	0.2	0.2	—	0.1	—	—	—	—	1.7
Greece	1957	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2.2	2.2	—	—	—	—	—	—	2.2
	1958	—	—	—	—	—	—	—	—	—	—	—	—	—	—	5.4	5.4	—	—	—	—	—	—	5.4
	1959	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3.4	3.4	—	—	—	—	—	—	3.4
Ireland	1957	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1.1	1.1	—	—	—	—	—	—	1.1
	1958	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1.4	1.4	—	—	—	—	—	—	1.4
	1959	0.1	—	—	—	—	—	—	—	—	0.1	—	—	—	—	3.5	3.5	—	—	—	—	—	—	3.6
Spain	1957	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3.0	3.0	—	—	—	—	—	—	3.0
	1958	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2.8	2.8	—	—	—	—	0.3	—	3.2
	1959	—	—	—	—	—	—	—	—	—	—	—	—	—	—	5.4	5.4	—	—	—	—	—	—	5.4
Turkey	1957	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2.8	2.8	—	—	—	—	—	—	2.8
	1958	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0.6	0.6	—	—	—	—	—	—	0.6
	1959	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Western Europe	1957	8.1	5.5	—	0.2	1.3	1.0	0.1	1.4	1.4	9.6	11.0	2.9	3.2	4.4	197.6	197.3	0.3	54.7	0.6	3.6	58.5	1.0	336.8
	1958	9.9	3.7	1.3	0.6	0.7	3.6	0.7	25.3	25.3	35.9	16.4	3.1	12.3	0.4	156.4	152.5	3.8	81.1	0.7	11.6	68.5	4.7	375.5
	1959	8.9	2.9	2.3	—	0.2	3.5	0.3	14.4	14.2	23.6	8.4	0.2	1.9	5.5	249.8	242.1	7.6	117.8	0.5	9.6	34.4	3.3	447.4
Eastern Europe	1957	0.2	—	—	0.1	0.1	—	—	0.9	0.9	1.1	..	..	..	..	0.8	0.6	0.1						
	1958	0.1	—	—	0.1	—	—	0.1	4.9	4.9	5.1	..	..	..	..	3.6	3.3	0.3						
	1959	—	—	—	—	—	—	0.1	1.2	1.2	1.4	..	..	..	..	1.9	1.6	0.3						
of which : Czechoslovakia	1957	0.1	—	—	0.1	—	—	—	0.3	0.3	0.4	..	..	..	..	—	—	—						
	1958	0.1	—	—	0.1	—	—	—	4.1	4.1	4.2	..	..	..	..	0.1	0.1	—						
	1959	—	—	—	—	—	—	0.1	0.1	0.1	0.2	..	..	..	..	0.1	0.1	—						
Poland	1957	—	—	—	—	—	—	—	—	—	—	..	..	..	..	—	—	—						
	1958	—	—	—	—	—	—	—	—	—	—	..	..	..	..	2.6	2.6	—						
	1959	—	—	—	—	—	—	—	—	—	—	..	..	..	..	0.6	0.6	—						

Sources : OEEC, *Statistical Bulletins — Foreign Trade*, Series IV and C, Vol. II, Paris; United Nations, *Commodity Trade Statistics*, Statistical Papers, Series D, January-December 1957, 1958 and 1959, New York; national trade statistics.

NOTE. — All figures for imports into eastern Europe were taken from export data of western Europe and North American countries, without any adjustment of the latter to c.i.f. basis. Minor discrepancies in totals are due to rounding.

[a] Including unspecified and some statistical differences.

TABLE V

Trade in sugar (SITC group 061) between selected areas of the world

Millions of current dollars

Imports into: / Exports from:		EEC [a]	*of which :*					EFTA	*of which :*		Rest of western Europe	*of which :*		Western Europe [a]	Eastern Europe [a]	*of which :*						North America	*of which :*		Latin America	Associated territories of EEC	Other associated territories of western Europe	Other countries in Africa	Other countries in Asia	Oceania	World [a]
			Belgium-Luxembourg	France	Western Germany	Italy	Netherlands		Denmark	United Kingdom		Ireland	Yugoslavia			Bulgaria	Czechoslovakia	Eastern Germany	Hungary	Poland	Soviet Union		United States	Canada							
European Economic Community	1957	23.3	2.3	3.8	0.2	16.2	0.7	12.7	2.5	10.1	0.2	—	—	36.5	0.2	—	0.2	—	—	—	—	0.3	0.3	—	127.4	62.6	0.8	0.6	0.1	—	228.9
	1958	3.5	0.8	1.1	0.1	0.3	1.2	6.3	1.4	4.7	—	—	—	9.9	0.5	—	0.2	—	—	0.2	—	0.3	0.3	—	44.8	55.6	0.5	0.8	0.3	—	112.8
	1959	9.1	3.0	3.8	0.7	0.1	1.5	4.0	0.9	2.9	0.8	—	0.8	14.0	6.0	—	1.9	—	1.6	2.4	—	1.2	1.2	—	36.3	48.9	0.2	1.2	1.7	—	109.5
of which :																															
Belgium-Luxembourg	1957	0.9		0.7	0.1	—	0.1	0.5	0.3	0.2	—	—	—	1.5	—	—	—	—	—	—	—	—	—	—	6.8	—	—	0.5	—	—	8.8
	1958	0.4		0.2	—	—	0.1	0.3	—	0.3	—	—	—	0.7	—	—	—	—	—	—	—	—	—	—	4.9	—	—	—	0.1	—	5.8
	1959	1.5		0.5	0.3	—	0.6	0.6	—	0.6	—	—	—	2.1	0.1	—	—	—	—	0.1	—	0.2	0.2	—	4.3	0.1	0.3	0.1	—	—	7.2
France	1957	2.1	—		—	1.7	0.3	1.2	—	1.1	—	—	—	3.4	—	—	—	—	—	—	—	—	—	—	24.6	62.4	—	—	—	—	90.8
	1958	0.4	—		—	—	0.4	0.2	—	0.1	—	—	—	0.6	—	—	—	—	—	—	—	—	—	—	12.0	55.6	—	—	—	—	68.2
	1959	1.0	0.9		—	—	0.1	—	—	—	0.8	—	0.8	1.9	4.5	—	1.3	—	1.6	1.5	—	0.7	0.6	—	11.9	48.1	—	—	1.6	—	68.7
Western Germany	1957	18.0	1.8	1.7		14.2	0.2	5.1	1.9	3.2	—	—	—	23.1	0.2	—	0.2	—	—	—	—	—	—	—	63.1	—	0.1	—	—	—	86.5
	1958	1.3	0.5	—		0.3	0.5	0.2	0.1	—	—	—	—	1.5	0.5	—	0.2	—	—	0.2	—	—	—	—	2.1	—	0.1	—	0.1	—	4.3
	1959	3.0	0.7	1.5		0.1	0.6	0.5	0.3	—	—	—	—	3.5	1.2	—	0.6	—	—	0.6	—	—	—	—	10.0	—	0.1	—	—	—	14.8
Italy	1957	1.0	0.1	0.9	—		—	0.2	—	0.2	—	—	—	1.3	—	—	—	—	—	—	—	0.2	0.2	—	0.3	—	—	0.1	0.1	—	2.0
	1958	1.2	0.3	0.8	—		—	0.3	—	0.3	—	—	—	1.5	—	—	—	—	—	—	—	0.1	0.1	—	7.8	—	—	0.1	0.1	—	9.7
	1959	1.3	0.2	1.0	—		—	0.1	—	0.1	—	—	—	1.4	—	—	—	—	—	—	—	0.1	0.1	—	1.5	—	—	0.1	0.1	—	3.2
Netherlands	1957	1.3	0.3	0.5	0.1	0.3		5.6	0.2	5.4	0.2	—	—	7.2	—	—	—	—	—	—	—	0.1	0.1	—	32.6	0.2	0.7	—	—	—	40.8
	1958	0.2	—	0.1	0.1	—		5.3	1.3	4.0	—	—	—	5.6	—	—	—	—	—	—	—	0.1	0.1	—	18.0	—	0.4	0.7	—	—	24.8
	1959	2.4	1.2	0.8	0.4	—		2.7	0.6	2.1	—	—	—	5.1	0.2	—	—	—	—	0.2	—	0.2	0.2	—	8.6	0.6	0.8	—	—	—	15.6
European Free Trade Association	1957	22.2	1.9	9.4	0.7	7.3	2.9	28.3	6.0	21.8	1.7	1.4	—	52.2	6.7	—	4.7	0.3	0.8	0.9	—	8.0	8.0	—	166.7	—	198.3	13.5	1.1	59.8	506.4
	1958	14.5	1.7	8.6	1.6	0.1	2.4	15.8	5.5	10.2	0.6	0.6	—	30.9	16.2	—	8.9	2.3	0.1	4.9	—	3.0	3.0	—	99.9	—	143.6	17.6	0.7	34.4	346.5
	1959	14.7	2.4	6.4	3.2	0.4	2.3	11.8	3.1	8.7	1.7	1.7	—	28.3	20.9	—	10.1	3.3	0.4	7.0	—	5.3	5.3	—	71.0	—	128.1	19.7	1.8	25.4	300.7
of which :																															
Austria	1957	3.9	—	—	—	3.8	0.1	—	—	—	—	—	—	4.0	0.7	—	—	—	0.7	—	—	—	—	—	2.8	—	—	—	—	—	7.5
	1958	0.2	—	—	0.1	—	0.1	0.1	—	0.1	—	—	—	0.3	1.2	—	—	—	—	1.2	—	—	—	—	1.3	—	—	—	—	—	2.8
	1959	0.1	—	—	—	—	—	—	—	—	—	—	—	0.1	—	—	—	—	—	—	—	—	—	—	1.0	—	—	—	—	—	1.1
Norway	1957	0.7	0.1	—	0.1	—	0.5	18.3	5.3	12.7	—	—	—	19.0	3.3	—	2.5	0.3	—	0.4	—	—	—	—	—	—	—	—	—	—	22.3
	1958	0.9	0.1	—	0.1	—	0.7	9.0	5.3	3.7	—	—	—	9.9	7.8	—	4.2	2.3	—	1.2	—	—	—	—	—	—	—	—	—	—	17.7
	1959	1.0	0.1	—	0.1	—	0.8	7.9	2.6	4.9	—	—	—	8.5	8.8	—	4.5	2.4	—	1.8	—	—	—	—	—	—	—	—	—	—	17.3
Portugal	1957	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3.4	—	11.9	—	—	—	15.4
	1958	0.1	—	—	—	—	—	—	—	—	—	—	—	0.1	—	—	—	—	—	—	—	—	—	—	0.6	—	14.4	—	—	—	15.1
	1959	—	—	—	—	—	—	—	—	—	—	—	—	0.1	—	—	—	—	—	—	—	—	—	—	1.5	—	13.7	—	—	—	15.3
Sweden	1957	0.2	—	—	—	—	—	0.3	—	0.3	—	—	—	0.5	—	—	—	—	—	—	—	—	—	—	3.7	—	—	—	—	—	4.3
	1958	0.2	—	—	0.1	—	—	0.3	0.2	0.1	—	—	—	0.5	1.2	—	0.8	—	—	0.3	—	—	—	—	3.6	—	—	—	—	—	5.3
	1959	1.2	0.5	—	0.5	—	0.1	0.5	0.4	0.1	—	—	—	1.8	2.2	—	0.9	—	—	1.3	—	—	—	—	3.8	—	0.4	—	—	—	8.2
Switzerland	1957	13.4	0.3	9.1	0.3	3.5	0.2	8.4	—	8.4	—	—	—	21.9	1.1	—	1.0	—	—	—	—	0.5	0.5	—	3.4	—	—	—	—	—	26.9
	1958	10.8	0.8	8.5	1.2	0.1	0.2	6.2	—	6.2	—	—	—	17.1	2.8	—	2.5	—	0.1	0.2	—	0.4	0.4	—	6.5	—	—	—	—	—	26.8
	1959	10.0	1.1	6.0	2.3	0.4	0.2	3.5	—	3.4	—	—	—	13.5	3.1	—	2.5	0.2	0.4	—	—	0.4	0.4	—	2.0	—	—	—	—	—	19.0
United Kingdom	1957	3.8	1.4	0.2	0.2	—	2.0	0.7	0.7		1.7	1.4	—	6.2	1.6	—	1.1	—	—	0.5	—	7.4	7.3	—	153.3	—	186.4	13.5	1.1	59.8	429.3
	1958	1.9	0.7	0.1	—	—	1.1	0.1	—		0.6	0.6	—	2.6	3.2	—	1.3	—	—	1.9	—	2.6	2.5	—	87.8	—	129.2	17.6	0.7	34.4	278.3
	1959	2.1	0.6	0.3	0.2	—	1.0	—	—		1.7	1.7	—	3.9	6.7	—	2.2	0.6	—	3.9	—	4.8	4.8	—	62.7	—	114.0	19.7	1.8	25.4	239.0
Rest of western Europe	1957	6.1	—	0.1	—	5.7	0.2	3.9	1.5	2.4	0.2	—	—	10.2	13.4	—	0.8	1.1	—	2.0	9.5	0.2	0.2	—	29.8	—	0.1	0.7	0.1	—	54.7
	1958	0.9	0.4	0.4	—	—	—	3.7	—	3.7	0.1	—	—	4.7	34.8	1.2	5.2	6.9	0.7	10.8	10.0	1.5	1.5	—	27.3	—	0.1	0.6	1.1	—	70.2
	1959	1.3	0.4	—	0.7	—	0.1	0.4	—	0.3	0.8	—	0.8	2.5	26.6	0.5	3.5	8.1	1.1	5.1	8.1	0.1	0.1	—	14.3	—	0.1	0.8	1.0	—	45.5
of which :																															
Finland	1957	0.1	—	—	—	—	—	3.3	1.5	1.8	—	—	—	3.4	10.8	—	—	1.0	—	0.3	9.5	—	—	—	5.0	—	—	—	—	—	19.2
	1958	—	—	—	—	—	—	—	—	—	—	—	—	—	16.8	—	0.7	2.9	0.4	2.8	10.0	—	—	—	1.1	—	—	—	—	—	17.9
	1959	—	—	—	—	—	—	—	—	—	—	—	—	—	14.0	0.3	0.6	2.4	0.1	2.3	8.1	—	—	—	—	—	—	—	0.8	—	14.8
Greece	1957	0.7	—	—	—	0.7	—	0.1	—	0.1	0.2	—	—	1.0	0.4	—	0.4	—	—	—	—	—	—	—	8.1	—	—	0.7	0.1	—	10.5
	1958	0.1	0.1	—	—	—	—	—	—	—	0.1	—	—	0.2	1.9	—	1.1	—	—	0.8	—	1.3	1.3	—	11.1	—	—	0.6	—	—	15.2
	1959	—	—	—	—	—	—	0.1	—	0.1	0.8	—	0.8	1.0	3.6	—	1.5	1.0	0.5	0.5	—	—	—	—	7.1	—	—	0.8	0.2	—	12.7

Iceland	1957	—	—	—	—	—	—	0.2	—	0.2	—	—	—	0.2	0.2	—	0.1	0.1	—	—	—	0.1	0.1	—	1.2	—	—	—	—	—	1.7
	1958	—	—	—	—	—	—	—	—	—	—	—	—	0.1	0.6	—	0.4	0.1	—	0.1	—	0.1	0.1	—	0.5	—	—	—	—	—	1.3
	1959	—	—	—	—	—	—	0.1	—	—	—	—	—	0.1	0.7	—	0.2	0.3	—	0.1	—	0.1	0.1	—	0.5	—	—	—	—	—	1.4
Ireland	1957	0.2	—	0.1	—	—	0.1	0.2	—	0.2	—		—	0.4	—	—	—	—	—	—	—	0.1	0.1	—	5.3	—	0.1	—	—	—	5.9
	1958	—	—	—	—	—	—	0.2	—	0.2	—		—	0.2	0.8	—	—	0.5	—	0.3	—	—	—	—	3.2	—	0.1	—	—	—	4.4
	1959	—	—	—	—	—	—	0.2	—	0.2	—		—	0.2	—	—	—	—	—	—	—	—	—	—	5.6	—	0.1	—	—	—	6.0
Spain	1957	0.1	—	—	—	—	0.1	—	—	—	—	—	—	0.1	—	—	—	—	—	—	—	—	—	—	5.5	—	—	—	—	—	5.6
	1958	0.8	0.3	0.4	—	—	—	2.0	—	2.0	—	—	—	2.8	3.7	—	0.5	—	—	3.2	—	—	—	—	9.7	—	—	—	—	—	16.2
	1959	1.2	0.4	—	0.7	—	—	—	—	—	—	—	—	1.2	1.7	—	0.5	—	—	1.2	—	—	—	—	1.1	—	—	—	—	—	4.0
Yugoslavia	1957	5.0	—	—	—	5.0	—	—	—	—	—	—		5.1	2.0	—	0.3	—	—	1.7	—	—	—	—	4.7	—	—	—	—	—	11.8
	1958	—	—	—	—	—	—	1.4	—	1.4	—	—		1.4	11.0	1.2	2.5	3.4	0.3	3.6	—	—	—	—	1.6	—	—	—	1.1	—	15.2
	1959	—	—	—	—	—	—	—	—	—	—	—		—	6.6	0.2	0.7	4.3	0.4	0.9	—	—	—	—	—	—	—	—	—	—	6.6
Western Europe	1957	51.6	4.2	13.4	1.0	29.2	3.8	45.0	10.0	34.3	2.1	1.4	—	98.9	20.4	—	5.7	1.5	0.8	2.9	9.5	8.6	8.5	0.1	323.9	62.7	199.2	14.8	1.3	59.8	790.0
	1958	18.9	3.0	10.2	1.7	0.4	3.6	25.8	6.9	18.7	0.8	0.7	—	45.6	51.5	1.2	14.3	9.2	0.9	15.9	10.0	4.8	4.8	—	172.0	55.6	144.3	19.1	2.1	34.4	529.5
	1959	25.1	5.8	10.2	4.6	0.6	3.8	16.2	4.0	11.9	3.4	1.7	1.7	44.8	53.5	0.5	15.6	11.4	3.1	14.5	8.2	6.6	6.6	—	121.6	48.9	129.4	20.7	4.6	25.4	455.7
Eastern Europe	1957	18.6	—	—	—	18.6	—	19.1	—	19.1	2.6	—	2.6	40.3																	
	1958	0.7	—	—	—	0.7	—	—	—	—	1.5	—	1.5	2.2																	
	1959	—	—	—	—	—	—	—	—	—	0.3	—	0.3	0.3																	
of which :																															
Hungary	1957	4.2	—	—	—	4.2	—	—	—	—	0.9	—	0.9	5.1																	
	1958	—	—	—	—	—	—	—	—	—	1.2	—	1.2	1.2																	
	1959	—	—	—	—	—	—	—	—	—	—	—	—	—																	
Poland	1957	—	—	—	—	—	—	—	—	—	1.4	—	1.4	1.4																	
	1958	—	—	—	—	—	—	—	—	—	—	—	—	—																	
	1959	—	—	—	—	—	—	—	—	—	—	—	—	—																	
Rumania	1957	5.5	—	—	—	5.5	—	0.3	—	0.3	0.3	—	0.3	6.2																	
	1958	0.7	—	—	—	0.7	—	—	—	—	0.2	—	0.2	1.0																	
	1959	—	—	—	—	—	—	—	—	—	—	—	—	—																	
Soviet Union	1957	8.9	—	—	—	8.9	—	18.8	—	18.8	—	—	—	27.7																	
	1958	—	—	—	—	—	—	—	—	—	—	—	—	—																	
	1959	—	—	—	—	—	—	—	—	—	—	—	—	—																	
North America.	1957	2.3	—	1.4	—	—	0.9	0.2	—	0.2	—	—	—	2.6																	
	1958	3.2	—	1.4	—	—	1.7	1.4	1.0	0.4	0.1	—	—	4.7																	
	1959	2.1	—	1.2	—	—	0.9	0.2	—	0.2	1.6	—	—	4.0																	
of which : United States of America	1957	2.2	—	1.4	—	—	0.8	0.2	—	0.2	—	—	—	2.4																	
	1958	3.1	—	1.4	—	—	1.7	1.4	1.0	0.4	0.1	—	—	4.6																	
	1959	2.1	—	1.2	—	—	0.9	0.1	—	0.1	1.6	—	—	3.9																	
Latin America	1957	0.5	—	—	—	—	0.5	0.2	—	0.2	—	—	—	0.7																	
	1958	0.2	—	—	—	—	0.2	0.3	—	0.3	—	—	—	0.5																	
	1959	0.2	—	—	—	—	0.2	—	—	—	—	—	—	0.2																	
Associated territories of EEC countries	1957	71.8	1.1	69.9	—	—	0.8	—	—	—	—	—	—	71.8																	
	1958	61.0	1.1	59.3	—	—	0.6	0.2	—	0.2	—	—	—	61.2																	
	1959	50.0	1.3	48.5	—	—	0.2	0.3	—	0.3	—	—	—	50.3																	
Other associated territories of western European countries	1957	3.6	0.3	—	—	3.0	0.3	4.3	—	4.3	0.2	—	—	8.1																	
	1958	0.8	0.6	—	—	—	0.2	8.8	—	8.8	0.8	—	—	10.4																	
	1959	1.3	0.1	0.1	—	0.8	0.3	9.2	—	9.2	0.6	—	0.4	11.2																	
Other countries in Africa	1957	28.2	5.6	20.2	0.1	1.5	0.8	19.9	—	19.9	0.5	—	—	48.6																	
	1958	20.4	4.2	15.2	0.2	—	0.8	16.1	—	16.1	0.5	—	—	37.1																	
	1959	12.1	3.2	7.8	0.1	0.3	0.7	14.3	—	14.3	0.7	—	0.7	27.1																	
Other countries in Asia	1957	9.1	4.4	0.1	0.2	2.4	1.9	29.3	—	29.3	2.6	—	—	41.0																	
	1958	7.1	4.9	—	0.1	—	2.1	27.4	—	27.4	1.0	—	0.2	35.6																	
	1959	6.6	3.3	0.6	0.4	—	2.3	24.8	—	24.8	1.9	—	0.3	33.3																	
Oceania	1957	0.3	0.1	—	—	—	0.2	0.2	—	0.2	—	—	—	0.5																	
	1958	0.2	0.1	—	—	—	0.1	0.4	—	0.4	—	—	—	0.6																	
	1959	0.2	0.1	—	—	—	0.1	0 4	—	0 4	—	—	—	0 6																	

Sources : OEEC, *Statistical Bulletins — Foreign Trade*, Series IV and C, Vol. II, Paris; United Nations, *Commodity Trade Statistics*, Statistical Papers, Series D, January-December 1957, 1958 and 1959, New York · national trade statistics.

NOTES — All figures for imports into countries and areas other than western Europe and North America were taken from export data of western European countries without any adjustment of the latter to c.i.f. basis. Minor discrepancies in totals are due to rounding.

[a] Including unspecified and some statistical differences.

TABLE VI

Trade in tobacco (SITC group 121) between selected areas of the world

Millions of current dollars

Exports from:			*of which :*						*of which :*		*of which :*					*of which :*			*of which :*						
Imports into:		EEC[a]	Belgium-Luxembourg	France	Western Germany	Italy	Netherlands	EFTA	United Kingdom	Rest of western Europe	Greece	Turkey	Yugoslavia	Western Europe[a]	Eastern Europe[a]	Bulgaria	Soviet Union	North America	United States	Canada	Latin America	Associated territories of EEC	Other associated territories of western Europe	Other countries in Africa	Other countries in Asia	World[a]
European Economic Community . . .	1957	6.5	0.7	0.1	0.5	3.8	1.4	0.1	0.1	62.8	37.0	21.3	4.5	69.4	6.8	5.3	0.9	71.3	69.8	1.4	19.1	12.6	5.3	0.3	28.3	213.2
	1958	8.9	1.0	0.3	0.7	5.2	1.7	0.2	0.1	56.4	35.2	16.4	4.6	65.5	6.3	4.8	0.6	75.3	73.4	1.9	18.8	14.8	6.9	0.4	27.3	215.5
	1959	10.9	1.4	0.5	0.8	6.1	2.1	0.2	0.1	50.1	32.7	11.8	5.4	61.2	7.7	5.9	0.7	69.9	68.4	1.5	16.7	10.5	10.8	0.7	27.3	204.9
of which :																										
Belgium-Luxembourg	1957	1.8		—	0.1	0.3	1.4	—	—	1.9	1.0	0.8	0.1	3.8	0.7	0.3	—	8.9	8.7	0.2	3.5	0.1	1.4	—	2.7	21.2
	1958	2.4		—	0.1	0.5	1.7	—	—	1.9	1.2	0.6	0.1	4.4	0.9	0.3	—	8.6	8.4	0.2	3.8	0.1	1.8	—	2.8	22.5
	1959	2.9		0.1	0.1	0.7	2.0	—	—	1.9	1.3	0.5	0.1	4.9	1.0	0.3	—	8.4	8.3	0.1	3.8	0.2	2.0	—	2.9	23.4
France	1957	0.5	—		0.2	0.3	—	—	—	12.9	6.0	4.1	2.8	13.4	1.9	1.8	—	5.6	5.6	—	2.8	12.4	0.2	—	1.7	38.1
	1958	1.0	—		0.4	0.6	—	—	—	10.6	4.8	3.1	2.7	11.6	1.5	1.3	—	4.6	4.6	—	3.2	14.6	0.1	—	0.3	35.9
	1959	0.3	—		0.2	0.1	—	—	—	11.9	5.3	2.8	3.7	12.2	1.9	1.7	—	3.3	3.3	—	1.5	10.0	—	0.1	0.2	29.3
Western Germany	1957	2.2	—	—		2.1	—	—	—	33.1	22.4	9.9	0.8	35.3	2.6	1.6	0.9	44.7	43.7	1.0	7.4	—	1.2	0.1	10.3	101.7
	1958	3.0	—	0.2		2.8	—	—	—	31.7	22.3	8.5	0.8	34.7	2.7	2.0	0.6	47.9	46.4	1.5	6.5	—	2.1	—	9.9	104.0
	1959	4.4	—	0.3		4.0	—	—	—	27.3	20.7	6.1	0.5	31.7	3.5	2.7	0.7	46.6	45.4	1.2	6.5	0.3	5.6	—	10.1	104.3
Italy	1957	—	—	—	—		—	—	—	10.2	6.6	2.8	0.8	10.2	1.6	1.6	—	—	—	—	0.1	—	—	—	—	11.9
	1958	—	—	—	—		—	—	—	8.7	5.5	2.2	1.0	8.7	1.1	1.1	—	1.3	1.3	—	—	—	—	—	—	11.1
	1959	—	—	—	—		—	—	—	7.9	5.0	1.9	1.0	7.9	1.1	1.1	—	—	—	—	—	—	—	—	—	9.0
Netherlands	1957	1.9	0.7	—	0.2	1.0		0.1	0.1	4.6	1.0	3.6	—	6.6	—	—	—	12.1	11.8	0.2	5.2	—	2.5	0.2	13.5	40.3
	1958	2.5	1.0	—	0.2	1.3		0.1	0.1	3.5	1.4	2.0	—	6.1	—	0.1	—	12.9	12.6	0.2	5.3	—	2.8	0.4	14.3	41.9
	1959	3.2	1.4	0.1	0.5	1.2		0.1	0.1	1.1	0.4	0.5	0.1	4.4	0.0	0.0	0.0	11.6	11.4	0.2	4.9	—	3.2	0.5	14.1	38.9
European Free Trade Association . .	1957	14.1	0.1	0.1	0.2	2.1	11.5	0.8	0.8	16.5	8.2	7.5	0.5	31.4	1.3	1.1	0.1	194.2	176.7	17.5	6.5	0.1	60.1	0.3	22.8	317.0
	1958	20.7	—	0.1	0.1	3.1	17.3	1.1	1.1	11.1	6.1	4.3	0.7	32.9	0.9	0.6	0.2	190.4	173.9	16.5	5.5	0.1	57.7	0.5	29.2	317.5
	1959	5.9	—	0.3	0.5	2.1	2.9	—	—	9.8	5.0	3.7	0.7	15.7	1.2	0.5	0.4	175.8	154.8	21.0	6.4	0.2	70.7	1.1	35.5	306.8
of which :																										
Austria	1957	—	—	—	—	—	—	—	—	5.7	2.8	2.4	0.5	5.7	1.1	1.0	—	3.0	3.0	—	1.0	—	0.4	—	0.2	11.4
	1958	—	—	—	—	—	—	—	—	4.0	2.5	1.3	0.2	4.0	0.6	0.5	—	4.0	4.0	—	0.6	—	0.1	—	0.4	9.7
	1959	—	—	—	—	—	—	—	—	2.7	0.9	1.6	0.1	2.7	0.7	0.4	—	1.8	1.8	—	0.5	—	0.1	—	0.4	6.2
Denmark	1957	8.3	—	—	—	—	8.2	0.8	0.8	0.4	—	0.2	—	9.5	—	—	—	9.3	9.2	0.1	2.6	—	0.1	—	0.2	21.8
	1958	11.0	—	—	—	—	10.9	1.1	1.1	0.3	0.1	0.2	—	12.4	—	—	—	9.4	9.3	0.1	1.5	—	0.1	0.1	0.2	23.9
	1959	0.1	—	—	—	—	0.1	—	—	0.4	0.1	0.3	—	0.5	—	—	—	10.2	10.1	0.1	3.1	0.1	1.0	—	10.0	25.0
Norway	1957	—	—	—	—	—	—	—	—	0.5	0.1	0.4	—	0.5	—	—	—	5.5	5.5	—	—	—	0.5	—	0.1	6.7
	1958	—	—	—	—	—	—	—	—	0.4	0.1	0.3	—	0.4	—	—	—	5.3	5.3	—	—	—	0.6	—	0.2	6.7
	1959	—	—	—	—	—	—	—	—	0.4	0.1	0.2	—	0.4	—	—	—	4.2	4.2	—	—	—	0.7	—	0.3	5.7
Portugal	1957	0.4	—	—	—	0.4	—	—	—	0.4	0.4	—	—	0.8	—	—	—	3.2	3.2	—	0.1	—	0.3	—	—	4.6
	1958	0.7	—	—	—	0.7	—	—	—	0.4	0.4	—	—	1.1	—	—	—	3.9	3.8	0.1	0.1	—	0.4	—	0.1	5.7
	1959	0.6	—	—	—	0.6	—	—	—	0.4	0.4	—	—	1.0	—	—	—	3.7	3.6	0.1	0.1	—	0.5	—	—	5.5
Sweden	1957	0.3	—	—	—	0.3	—	—	—	2.9	2.2	0.7	—	3.2	—	—	—	13.7	13.7	—	0.1	—	0.4	—	0.1	17.7
	1958	0.4	—	—	—	0.4	—	—	—	0.9	0.4	—	0.5	1.4	—	—	—	9.5	9.5	—	—	—	0.1	—	0.1	11.2
	1959	0.1	—	—	—	0.1	—	—	—	1.6	1.0	—	0.6	1.7	0.1	—	0.1	8.5	8.5	—	0.1	—	0.5	—	0.1	11.2
Switzerland	1957	1.1	—	0.1	—	1.0	—	—	—	3.6	1.9	1.7	—	4.8	0.1	0.1	0.1	9.3	9.3	—	2.2	0.1	0.1	—	2.0	18.6
	1958	1.3	—	0.1	—	1.1	—	—	—	3.8	2.2	1.6	—	5.1	0.3	0.1	0.2	10.0	10.0	—	2.4	0.1	0.1	—	2.0	20.1
	1959	1.4	—	0.2	—	1.2	—	—	—	3.8	2.3	1.5	—	5.2	0.4	0.1	0.3	9.8	9.7	—	2.3	0.1	0.1	—	1.9	19.8
United Kingdom	1957	3.9	0.1	—	0.2	0.3	3.3	—		3.0	0.8	2.1	—	6.9	—	—	—	150.2	132.8	17.3	0.4	—	58.2	0.3	20.2	236.2
	1958	7.3	—	—	0.1	0.8	6.4	—		1.2	0.4	0.8	—	8.5	—	—	—	148.1	131.9	16.2	0.7	—	56.2	0.4	26.1	240.2
	1959	3.6	—	0.1	0.4	0.2	2.8	—		0.5	0.2	0.1	—	4.1	—	—	—	137.6	116.9	20.7	0.2	—	67.7	1.0	22.8	233.5

Rest of western Europe	1957	—	—	—	—	—	—	—	—	4.6	1.7	2.9	—	4.6	0.3	0.1	0.2	16.0	16.0	—	6.3	—	1.0	—	3.2	31.6
	1958	—	—	—	—	—	—	—	—	3.9	1.9	1.9	—	3.9	0.2	0.1	0.1	19.8	19.7	0.1	9.3	—	0.7	—	4.0	37.9
	1959	—	—	—	—	—	—	—	—	3.1	1.7	1.4	—	3.1	0.2	0.1	0.1	20.5	20.5	—	5.6	—	0.6	—	4.5	34.7
of which :																										
Finland	1957	—	—	—	—	—	—	—	—	2.9	1.7	1.2	—	2.9	0.3	0.1	0.2	2.5	2.5	—	0.1	—	—	—	0.2	6.2
	1958	—	—	—	—	—	—	—	—	2.2	1.3	0.9	—	2.2	0.2	0.1	0.1	2.1	2.1	—	0.1	—	0.1	—	0.2	5.0
	1959	—	—	—	—	—	—	—	—	2.6	1.7	0.9	—	2.6	0.2	0.1	0.1	3.0	3.0	—	0.1	—	0.1	—	0.2	6.3
Ireland	1957	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	7.5	7.4	—	—	—	0.4	—	0.2	8.1
	1958	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	10.5	10.5	0.1	—	—	0.1	—	—	10.7
	1959	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	9.0	9.0	—	—	—	0.1	—	—	9.2
Spain	1957	—	—	—	—	—	—	—	—	0.7	—	0.7	—	0.7	—	—	—	6.0	6.0	—	6.2	—	0.6	—	2.8	16.3
	1958	—	—	—	—	—	—	—	—	0.6	0.6	—	—	0.7	—	—	—	6.9	6.9	—	9.2	—	0.5	—	3.8	21.1
	1959	—	—	—	—	—	—	—	—	0.5	—	0.5	—	0.5	—	—	—	8.5	8.5	—	5.5	—	0.4	—	4.3	19.2
Yugoslavia	1957	—	—	—	—	—	—	—	—	1.0	—	1.0		1.0	—	—	—	—	—	—	—	—	—	—	—	1.0
	1958	—	—	—	—	—	—	—	—	1.0	—	1.0		1.0	—	—	—	0.1	0.1	—	—	—	—	—	—	1.1
	1959	—	—	—	—	—	—	—	—	—	—	—		—	—	—	—	—	—	—	—	—	—	—	—	—
Western Europe	1957	20.6	0.8	0.2	0.7	5.9	12.9	1.0	1.0	83.9	47.0	31.7	5.0	105.5	8.4	6.5	1.2	281.5	262.6	18.9	31.9	12.7	66.4	0.6	54.3	561.8
	1958	29.6	1.0	0.5	0.8	8.3	19.0	1.3	1.2	71.4	43.3	22.6	5.3	102.3	7.4	5.5	0.9	285.5	267.0	18.5	33.6	14.9	65.3	0.9	60.65	70.9
	1959	16.8	1.4	0.9	1.3	8.2	5.0	0.2	0.1	63.0	39.4	17.0	6.2	80.0	9.1	6.5	1.3	266.3	243.7	22.6	28.8	10.7	82.2	1.8	67.3	546.4
Eastern Europe	1957	0.1	—	—	—	0.1	—	—	—	56.9	8.0	41.8	7.0	57.0												
	1958	0.1	—	—	—	0.1	—	—	—	56.1	12.3	33.8	10.0	56.2												
	1959	0.4	—	—	—	0.4	—	—	—	39.5	9.7	22.0	7.8	39.9												
of which :																										
Czechoslovakia	1957	—	—	—	—	—	—	—	—	14.1	1.8	11.3	1.0	14.1												
	1958	—	—	—	—	—	—	—	—	12.2	2.2	7.0	3.0	12.2												
	1959	—	—	—	—	—	—	—	—	12.0	3.9	6.3	1.7	12.0												
Eastern Germany	1957	0.1	—	—	—	0.1	—	—	—	18.4	1.5	16.9	—	18.5												
	1958	0.1	—	—	—	0.1	—	—	—	16.3	1.1	11.8	3.3	16.4												
	1959	0.4	—	—	—	0.4	—	—	—	7.4	0.7	4.3	2.4	7.8												
Hungary	1957	—	—	—	—	—	—	—	—	2.5	0.6	1.5	0.2	2.5												
	1958	—	—	—	—	—	—	—	—	3.7	0.9	2.1	0.7	3.7												
	1959	—	—	—	—	—	—	—	—	3.3	1.1	2.2	—	3.3												
Poland	1957	—	—	—	—	—	—	—	—	13.1	0.5	10.0	2.6	13.1												
	1958	—	—	—	—	—	—	—	—	11.0	1.5	6.5	2.9	11.0												
	1959	—	—	—	—	—	—	—	—	10.9	0.6	6.7	3.6	10.9												
Soviet Union	1957	—	—	—	—	—	—	—	—	8.6	3.6	1.8	3.1	8.6												
	1958	—	—	—	—	—	—	—	—	12.7	6.4	6.3	—	12.7												
	1959	—	—	—	—	—	—	—	—	5.9	3.4	2.5	—	5.9												
North America	1957	1.6	—	0.2	0.1	1.3	—	0.2	0.2	65.3	20.3	42.4	2.6	67.1												
	1958	2.6	—	1.0	0.2	1.2	0.1	0.1	0.1	73.3	23.5	46.6	2.9	76.0												
	1959	1.6	—	0.2	—	1.2	0.1	—	—	78.1	25.7	48.9	3.4	79.7												
of which :																										
United States	1957	1.6	—	0.2	0.1	1.3	—	—	—	65.0	20.2	42.1	2.6	66.6												
	1958	2.6	—	1.0	0.2	1.2	0.1	—	—	72.9	23.5	46.4	2.9	75.5												
	1959	1.6	—	0.2	—	1.2	0.1	—	—	77.8	25.6	48.6	3.4	79.4												
Africa [b]	1957	1.0	—	0.1	—	0.9	—	—	—	8.2	2.7	3.1	2.4	9.2												
	1958	0.7	—	0.1	—	0.6	—	—	—	4.0	2.1	0.7	1.2	4.7												
	1959	0.6	—	0.2	—	0.4	—	—	—	2.6	0.2	0.8	1.6	3.2												
Asia [b]	1957	—	—	—	—	—	—	—	—	1.7	0.6	1.0	0.1	1.7												
	1958	—	—	—	—	—	—	—	—	3.8	0.8	1.4	1.6	3.8												
	1959	0.1	—	—	—	0.1	—	—	—	2.1	0.8	1.3	—	2.3												

Sources : OEEC, *Statistical Bulletins — Foreign Trade*, Series IV and C, Vol. II, Paris; United Nations, *Commodity Trade Statistics*, Statistical Papers, Series D, January-December 1957, 1958 and 1959, New York: national trade statistics.

NOTES — All figures for imports into countries and areas other than western Europe and North America were taken from export data of western European countries without any adjustment of the latter to c.i.f. basis. Minor discrepancies in totals are due to rounding.

[a] Including unspecified and some statistical differences.

[b] Excluding associated territories of western Europe.

TABLE VII

Trade in cotton (SITC group 263) between selected areas of the world

Millions of current dollars

Imports into: / Exports from:		EEC [a]	of which:					EFTA	of which:			Rest of western Europe	of which:			Western Europe [a]	Eastern Europe [a]	of which:			North America	of which:	Latin America	Associated territories of EEC	Other associated territories of western Europe	Other countries in Africa	Other countries in Asia	World [a]
			Belgium-Luxembourg	France	Western Germany	Italy	Netherlands		Portugal	Switzerland	United Kingdom		Greece	Turkey	Yugoslavia			Czechoslovakia	Eastern Germany	Soviet Union		United States						
European Economic Community	1957	14.3	6.6	0.8	3.7	0.6	2.5	5.1	0.1	0.8	3.8	41.1	8.6	32.2	0.3	60.6	18.0	0.1	—	17.6	399.2	399.2	106.1	57.7	41.7	79.0	62.5	825.2
	1958	11.1	4.5	0.3	3.5	0.4	2.3	3.6	—	0.6	2.6	26.4	9.3	15.5	1.6	41.1	12.7	—	—	12.5	264.3	264.3	132.7	53.3	37.9	56.3	60.8	659.3
	1959	16.0	5.1	0.9	6.9	0.5	2.6	3.9	—	0.6	2.8	57.4	16.5	39.1	1.7	77.4	21.4	0.5	1.0	19.3	106.8	106.7	149.0	48.5	23.0	77.6	45.3	549.2
of which:																												
Belgium-Luxembourg	1957	1.4		0.4	0.4	—	0.6	0.8	0.1	—	0.7	0.7	0.1	0.6	—	3.0	0.8	—	—	0.8	48.1	48.1	16.2	11.3	0.1	3.2	0.9	83.7
	1958	1.4		0.3	0.5	—	0.5	0.7	—	—	0.6	0.5	0.2	0.3	—	2.7	0.5	—	—	0.5	21.5	21.5	16.2	8.3	1.6	1.7	1.1	53.6
	1959	2.3		0.5	1.0	—	0.7	0.9	—	0.1	0.8	4.3	0.4	3.9	—	7.6	1.1	—	—	1.0	11.3	11.2	14.2	10.2	1.3	4.3	2.6	52.6
France	1957	2.0	0.4		0.8	0.2	0.6	0.9	—	0.1	0.7	21.9	7.6	14.2	—	24.8	5.0	—	—	5.0	56.6	56.6	32.4	42.8	18.6	33.9	40.6	254.8
	1958	1.1	0.1		0.4	0.1	0.5	0.4	—	0.1	0.3	17.3	7.7	9.6	—	18.8	4.4	—	—	4.4	72.4	72.4	19.9	40.3	5.7	21.1	41.8	224.4
	1959	1.6	0.5		0.5	0.2	0.4	0.5	—	0.1	0.4	8.6	6.4	2.2	—	10.7	5.5	—	—	5.5	29.6	29.6	29.7	28.1	3.3	20.2	25.7	153.0
Western Germany	1957	2.2	0.1	0.3		0.4	1.3	2.8	—	0.5	2.0	4.0	0.2	3.8	—	9.1	10.7	0.1	—	10.5	163.7	163.7	38.9	3.5	19.2	20.6	9.8	275.7
	1958	1.7	0.2	—		0.3	1.3	2.0	—	0.4	1.2	4.4	0.8	3.6	—	8.1	6.9	—	—	6.8	71.1	71.1	65.9	4.7	26.3	19.2	13.3	215.5
	1959	2.1	0.1	0.3		0.3	1.4	1.8	—	0.4	1.0	19.5	2.1	17.4	—	23.4	9.5	0.5	—	8.9	26.8	26.8	68.7	10.1	11.8	31.2	9.1	190.6
Italy	1957	1.0	—	—	0.9		—	0.3	—	0.1	0.2	14.5	0.7	13.5	0.3	15.8	1.4	—	—	1.2	90.5	90.5	10.1	—	2.2	18.7	9.3	148.1
	1958	1.1	0.1	—	1.0		—	0.2	—	0.1	0.1	4.2	0.6	2.0	1.6	5.5	0.9	—	—	0.7	74.6	74.6	14.2	—	1.7	13.0	3.6	113.7
	1959	2.1	0.1	—	1.9		—	0.1	—	—	0.1	23.6	7.4	14.4	1.7	25.8	5.3	—	1.0	3.9	27.6	27.6	19.1	—	0.9	19.1	6.9	104.7
Netherlands	1957	7.7	6.1	—	1.6	—		0.2	—	—	0.2	—	—	—	—	7.9	—	—	—	—	40.3	40.3	8.5	—	1.6	2.6	1.9	62.9
	1958	5.6	4.0	—	1.6	—		0.3	—	—	0.3	—	—	—	—	6.0	—	—	—	—	24.7	24.7	16.5	—	2.6	1.3	0.9	52.1
	1959	7.9	4.4	0.1	3.4	—		0.6	—	—	0.5	1.3	0.1	1.2	—	9.8	0.1	—	—	—	11.5	11.5	17.3	—	5.6	2.8	1.0	48.3
European Free Trade Association	1957	10.5	1.4	1.4	5.1	0.6	1.9	2.1	—	0.9	0.4	9.3	0.3	8.6	0.3	21.9	8.5	—	—	8.4	247.2	247.2	62.0	1.1	34.3	36.6	25.2	436.8
	1958	8.7	1.7	0.6	4.2	0.6	1.6	2.4	—	1.4	0.3	4.4	0.8	2.6	0.9	15.6	5.9	—	—	5.9	129.4	129.4	54.6	0.9	49.5	36.3	20.8	313.2
	1959	8.4	1.4	2.0	3.3	0.3	1.4	1.7	—	0.7	0.4	8.3	0.9	7.3	—	18.4	11.6	0.9	—	10.6	63.0	62.9	62.3	4.0	49.0	51.2	23.0	282.7
of which:																												
Austria	1957	0.2	—	—	0.2	—	—	0.2	—	—	0.1	—	—	—	—	0.4	2.4	—	—	2.4	13.8	13.8	0.6	—	0.2	1.5	0.5	19.4
	1958	0.2	—	—	0.2	—	—	0.1	—	—	0.1	—	—	—	—	0.3	2.6	—	—	2.6	12.9	12.9	1.6	—	0.8	1.8	0.5	20.6
	1959	0.5	—	—	0.4	—	—	—	—	—	—	0.5	—	0.5	—	1.1	1.8	—	—	1.8	4.3	4.3	5.4	0.1	0.6	1.7	1.1	16.2
Denmark	1957	0.4	0.1	—	0.2	—	0.1	0.4	—	0.2	—	—	—	—	—	0.8	—	—	—	—	5.3	5.3	2.5	—	—	—	0.4	9.0
	1958	0.4	0.1	—	0.2	—	0.1	0.4	—	0.2	—	—	—	—	—	0.8	—	—	—	—	3.6	3.6	2.1	—	—	0.2	0.1	6.8
	1959	0.3	0.1	—	0.1	—	0.1	0.4	—	0.1	0.1	—	—	—	—	0.7	—	—	—	—	1.5	1.5	2.6	—	1.0	0.6	0.1	6.6
Norway	1957	0.2	—	—	0.1	—	—	0.1	—	—	—	—	—	—	—	0.3	—	—	—	—	3.6	3.6	0.1	—	—	—	0.1	4.1
	1958	0.1	—	—	—	—	—	0.1	—	—	—	—	—	—	—	0.2	—	—	—	—	2.0	2.0	0.8	—	—	—	0.1	3.1
	1959	0.3	0.1	—	0.1	—	0.1	0.2	—	—	0.1	—	—	—	—	0.5	—	—	—	—	0.8	0.8	1.8	—	—	—	0.1	3.3
Portugal	1957	—	—	—	—	—	—	—		—	—	—	—	—	—	—	—	—	—	—	11.5	11.5	0.6	—	17.7	0.9	—	30.8
	1958	—	—	—	—	—	—	—		—	—	0.1	0.1	—	—	0.1	—	—	—	—	2.8	2.8	0.5	0.1	26.0	0.7	—	30.2
	1959	—	—	—	—	—	—	—		—	—	0.6	0.6	—	—	0.6	1.1	—	—	1.1	1.0	1.0	2.6	0.3	23.9	1.1	—	30.6
Sweden	1957	1.3	0.3	0.1	0.6	—	0.3	0.4	—	—	0.2	—	—	—	—	1.7	—	—	—	—	19.0	19.0	3.2	0.7	0.2	0.8	0.4	26.0
	1958	1.3	0.3	—	0.6	—	0.4	0.4	—	—	0.2	—	—	—	—	1.7	—	—	—	—	15.7	15.7	2.7	0.4	0.3	0.3	0.2	21.5
	1959	1.1	0.3	0.1	0.5	—	0.2	0.3	—	0.1	0.1	—	—	—	—	1.4	—	—	—	—	6.0	6.0	3.1	0.7	0.2	0.5	0.1	12.1
Switzerland	1957	0.8	—	0.1	0.6	0.1	—	0.2	—		0.1	—	—	—	—	1.0	0.4	—	—	0.4	18.9	18.9	14.9	0.1	0.5	6.8	1.1	43.7
	1958	0.6	—	0.1	0.4	0.1	—	0.1	—		—	—	—	—	—	0.8	0.6	—	—	0.6	7.3	7.3	15.6	0.2	0.2	4.7	0.7	30.3
	1959	0.6	—	0.2	0.3	0.1	—	0.1	—		—	0.3	0.1	0.2	—	1.1	0.4	—	—	0.4	3.5	3.5	10.8	0.4	0.7	5.6	0.6	23.2
United Kingdom	1957	7.6	1.0	1.2	3.4	0.5	1.5	0.8	—	0.7		9.3	0.3	8.6	0.3	17.7	5.6	—	—	5.6	175.1	175.1	40.1	0.3	15.6	26.5	22.7	303.7
	1958	6.1	1.3	0.5	2.7	0.4	1.1	1.3	—	1.2		4.3	0.7	2.5	0.9	11.7	2.6	—	—	2.6	85.0	85.0	31.2	0.2	22.2	28.6	19.1	200.6
	1959	5.4	0.8	1.7	1.9	0.1	0.9	0.7	—	0.5		6.9	0.2	6.6	—	13.0	8.3	0.9	—	7.3	45.8	45.7	36.0	2.4	22.6	41.6	21.0	190.7
Rest of western Europe	1957	0.9	0.1	0.3	0.3	0.1	0.1	0.6	—	—	0.6	2.8	2.7	0.1	—	4.3	7.6	—	—	7.6	61.5	61.5	11.9	—	0.1	13.7	1.4	100.6
	1958	0.8	0.1	0.3	0.3	—	0.1	0.6	—	—	0.6	4.4	4.3	0.1	—	5.8	7.1	—	—	7.1	70.2	70.2	2.5	—	—	21.1	0.6	107.5
	1959	0.7	0.1	0.2	0.2	—	0.1	1.3	0.9	—	0.4	1.5	1.5	—	—	3.5	12.4	—	—	12.4	66.9	66.9	2.6	—	0.1	13.8	4.5	104.0
of which:																												
Finland	1957	0.4	0.1	0.1	0.1	—	0.1	0.1	—	—	0.1	0.4	0.4	—	—	0.9	7.6	—	—	7.6	4.1	4.1	—	—	—	0.9	0.1	13.7
	1958	0.3	0.1	0.1	0.1	—	—	0.1	—	—	0.1	—	—	—	—	0.4	7.1	—	—	7.1	4.5	4.5	0.2	—	—	0.2	—	12.5
	1959	0.4	0.1	0.1	0.1	—	—	0.1	—	—	0.1	—	—	—	—	0.5	7.8	—	—	7.8	3.2	3.2	0.8	—	—	0.3	—	12.6

Greece	1957	0.1	—	—	—	—	—	—	—	—	—	—	—	—	—	0.1	—	—	—	—	4.6	4.6	—	—	—	0.9	0.6	6.2
	1958	0.1	—	—	—	—	—	—	—	—	—	—	—	—	—	0.1	—	—	—	—	0.1	0.1	—	—	—	0.5	—	0.7
	1959	0.1	—	—	—	0.1	—	—	—	—	—	—	—	—	—	0.1	—	—	—	—	—	—	—	—	—	0.5	—	0.6
Ireland	1957	—	—	—	—	—	—	0.4	—	—	0.4	—	—	—	—	0.4	—	—	—	—	1.4	1.4	1.3	—	0.1	—	—	3.2
	1958	0.1	—	—	—	—	—	0.4	—	—	0.4	—	—	—	—	0.5	—	—	—	—	1.0	1.0	1.5	—	—	0.1	—	3.2
	1959	0.1	—	—	—	—	—	0.3	—	—	0.3	—	—	—	—	0.4	—	—	—	—	0.7	0.7	1.6	—	0.1	0.2	—	3.1
Spain	1957	0.2	—	0.2	—	—	—	—	—	—	—	0.5	0.5	—	—	0.7	—	—	—	—	31.2	31.2	10.5	—	—	3.5	—	45.9
	1958	0.2	—	0.1	—	—	—	—	—	—	—	0.8	0.7	0.1	—	1.0	—	—	—	—	48.4	48.4	0.7	—	—	12.2	—	62.3
	1959	—	—	—	—	—	—	0.9	0.9	—	—	—	—	—	—	0.9	—	—	—	—	42.9	42.9	0.2	—	—	6.1	4.0	54.2
Yugoslavia	1957	0.2	—	—	0.2	—	—	—	—	—	—	1.9	1.8	0.1		2.1	—	—	—	—	20.2	20.2	—	—	—	8.4	0.7	31.5
	1958	0.1	—	—	0.1	—	—	—	—	—	—	3.6	3.6	—		3.8	—	—	—	—	16.2	16.2	—	—	—	8.1	0.6	28.7
	1959	0.1	—	0.1	—	—	—	—	—	—	—	1.4	1.4	—		1.5	4.6	—	—	4.6	20.1	20.1	—	—	—	6.7	0.5	33.4
Western Europe	1957	25.7	8.1	2.6	9.2	1.3	4.5	7.8	0.2	1.7	4.8	53.3	11.6	40.9	0.6	86.8	34.1	0.1	—	33.6	707.9	707.9	180.0	58.8	76.1	129.3	89.2	1 362.6
	1958	20.6	6.3	1.2	8.0	1.0	4.0	6.6	—	2.0	3.5	35.3	14.4	18.2	2.5	62.5	25.8	—	—	25.5	463.9	463.9	189.8	54.3	87.4	113.7	82.3	1 080.0
	1959	25.1	6.6	3.1	10.4	0.9	4.1	7.0	0.9	1.3	3.6	67.2	18.9	46.5	1.7	99.3	45.4	1.4	1.0	42.3	236.8	236.6	213.9	52.5	72.2	142.6	72.8	935.9
Eastern Europe	1957	0.4	—	0.1	0.2	—	0.1	0.3	—	—	0.2	1.7	1.4	0.3	—	2.4	..	..	..	..	23.3	23.3						
	1958	0.6	—	0.1	0.3	0.1	—	0.3	—	—	0.2	6.5	5.2	1.3	—	7.4	..	..	..	..	25.0	25.0						
	1959	0.2	—	—	0.1	—	—	0.1	—	—	0.1	10.8	7.1	3.7	—	11.1	..	..	..	..	14.4	14.4						
of which :																												
Bulgaria	1957	—	—	—	—	—	—	—	—	—	—	0.8	0.8	—	—	0.8	..	..	..	..	—	—						
	1958	—	—	—	—	—	—	—	—	—	—	0.9	0.9	—	—	0.9	..	..	..	..	—	—						
	1959	—	—	—	—	—	—	—	—	—	—	2.0	1.5	0.5	—	2.0	..	..	..	..	—	—						
Czechoslovakia	1957	—	—	—	—	—	—	—	—	—	—	0.1	0.1	—	—	0.1	..	..	..	..	—	—						
	1958	—	—	—	—	—	—	—	—	—	—	1.7	1.3	0.3	—	1.7	..	..	..	..	—	—						
	1959	—	—	—	—	—	—	—	—	—	—	3.3	1.4	1.9	—	3.3	..	..	..	..	—	—						
Hungary	1957	0.2	—	0.1	—	0.1	—	0.2	—	—	0.1	—	—	—	—	0.4	..	..	..	..	—	—						
	1958	0.3	—	0.1	—	0.1	—	0.3	—	—	0.2	1.0	0.7	0.3	—	1.6	..	..	..	..	—	—						
	1959	—	—	—	—	—	—	0.2	—	—	0.1	2.7	1.3	1.3	—	2.9	..	..	..	..	—	—						
Poland	1957	0.1	—	—	0.1	—	—	0.1	—	—	0.1	—	—	—	—	0.2	..	..	..	..	23.3	23.3						
	1958	0.3	—	—	0.3	—	—	—	—	—	—	0.4	0.4	—	—	0.7	..	..	..	..	25.0	25.0						
	1959	0.1	—	—	0.1	—	—	—	—	—	—	0.5	0.5	—	—	1.6	..	..	..	..	14.4	14.4						
Rumania	1957	—	—	—	—	—	—	—	—	—	—	0.8	0.4	0.4	—	0.9	..	..	..	..	—	—						
	1958	—	—	—	—	—	—	—	—	—	—	1.2	0.5	0.7	—	1.2	..	..	..	..	—	—						
	1959	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	..	..	..	..	—	—						
Soviet Union	1957	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	..	..	..	..	—	—						
	1958	—	—	—	—	—	—	—	—	—	—	1.3	1.3	—	—	1.3	..	..	..	..	—	—						
	1959	—	—	—	—	—	—	—	—	—	—	1.2	1.2	—	—	1.2	..	..	..	..	—	—						
North America	1957	1.5	0.5	0.1	0.5	0.3	—	0.8	—	—	0.8	—	—	—	—	2.3	0.7	—	—	0.7	48.2	47.9	22.8	—	0.3	14.1	5.8	94.2
	1958	1.2	0.3	0.1	0.5	0.3	—	1.1	—	—	1.1	—	—	—	—	2.4	0.6	—	—	0.6	31.9	31.7	29.8	—	0.3	13.3	4.6	82.9
	1959	1.1	0.3	—	0.5	0.3	—	1.4	—	0.1	1.3	0.1	—	—	—	2.6	0.8	—	—	0.8	22.5	22.3	35.3	—	0.2	12.0	3.9	77.4
of which :																												
United States	1957	1.5	0.5	0.1	0.5	0.3	—	0.8	—	—	0.8	—	—	—	—	2.3	0.7	—	—	0.7	0.2		17.5	—	0.3	14.1	5.4	40.7
	1958	1.2	0.3	0.1	0.5	0.3	—	1.1	—	—	1.1	—	—	—	—	2.3	0.6	—	—	0.6	0.2		13.3	—	0.3	13.3	4.3	34.3
	1959	1.1	0.3	—	0.5	0.3	—	1.3	—	0.1	1.2	—	—	—	—	2.5	0.7	—	—	0.7	0.2		12.0	—	0.2	11.7	3.5	30.9
Canada	1957	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	47.9	47.9	5.2	—	—	—	0.4	53.5
	1958	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0.1	—	—	—	—	31.7	31.7	16.5	—	—	—	0.3	48.6
	1959	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0.1	0.1	—	—	0.1	22.3	22.3	23.3	—	—	0.3	0.4	46.5
Asia [b]	1957	0.1	—	—	—	—	0.1	—	—	—	—	3.0	1.3	1.7	—	3.1												
	1958	0.3	—	—	0.1	0.2	—	0.2	—	—	0.2	4.1	4.1	—	—	4.6												
	1959	0.2	—	0.1	—	0.1	—	0.1	—	—	0.1	6.2	2.4	3.8	—	6.5												

Sources : OEEC, *Statistical Bulletins — Foreign Trade*, Series IV and C, Vol. II, Paris; United Nations, *Commodity Trade Statistics*, Statistical Papers, Series D. January-December 1957, 1958 and 1959, New York; national trade statistics.

NOTE. — All figures for imports into countries and areas other than western Europe and North America were taken from export data of western European and North American countries, without any adjustment of the latter to c.i.f. basis. Minor discrepancies in totals are due to rounding.

[a] Including unspecified and some statistical differences.

[b] Excluding associated territories of western Europe.

TABLE VIII

Trade in butter (SITC group 023) between selected areas of the world

Millions of current dollars

Exports from: / Imports into:		EEC [a]	of which :			EFTA	of which :				Rest of western Europe	of which :		Western Europe [a]	Eastern Europe [a]	of which :			North America	of which :		Latin America	Associated territories of western Europe	Oceania	World [a]
			Belgium-Luxembourg	France	Netherlands		Austria	Denmark	Norway	Sweden		Finland	Ireland			Bulgaria	Hungary	Poland		United States	Canada				
European Economic Community	1957	20.9	—	2.6	18.3	36.5	4.7	17.5	3.7	10.6	2.7	1.9	0.8	60. 1	1.2	—	1.2	—	—	—	—	0.2	—	8.1	69.9
	1958	8.4	2.0	1.6	4.7	7.1	2.0	2.5	0.7	1.9	—	—	—	15.5	0.3	—	0.3	—	—	—	—	0.3	—	3.0	19.1
	1959	33.5	0.6	4.0	28.9	20.1	1.7	12.9	1.0	4.5	1.0	1.0	—	54.6	4.7	0.4	1.1	1.6	1.5	1.5	—	2.0	—	6.4	69.2
of which :																									
Belgium-Luxembourg	1957	7.9		—	7.9	1.0	—	1.0	—	—	—	—	—	9.0	—	—	—	—	—	—	—	—	—	—	9.0
	1958	0.1		—	0.1	—	—	—	—	—	—	—	—	0.1	—	—	—	—	—	—	—	—	—	—	0.1
	1959	3.7		—	3.7	1.4	—	1.4	—	—	—	—	—	5.1	—	—	—	—	—	—	—	—	—	—	5.1
France	1957	0.2	—		0.2	0.4	—	0.4	—	—	—	—	—	0.6	—	—	—	—	—	—	—	0.1	—	—	0.7
	1958	—	—		—	0.3	—	0.1	0.2	—	—	—	—	0.3	—	—	—	—	—	—	—	—	—	—	0.3
	1959	11.7	—		11.7	6.7	—	5.9	0.2	0.6	—	—	—	18.4	0.8	—	—	0.3	—	—	—	1.7	—	4.3	25.2
Western Germany	1957	9.3	—	1.0	8.3	29.4	2.3	15.1	1.8	10.2	2.6	1.8	0.8	41.3	1.1	—	1.1	—	—	—	—	—	—	5.0	47.5
	1958	0.9	—	0.4	0.5	2.1	—	1.3	—	0.7	—	—	—	3.0	0.1	—	0.1	—	—	—	—	—	—	2.4	5.5
	1959	16.0	—	3.1	12.8	9.8	0.6	4.8	0.5	3.9	1.0	1.0	—	26.8	2.6	0.1	0.5	1.1	0.4	0.4	—	—	—	0.7	30.5
Italy	1957	3.5	—	1.6	1.9	5.6	2.4	0.9	1.9	0.4	—	—	—	9.2	0.1	—	0.1	—	—	—	—	0.1	—	3.1	12.8
	1958	7.3	2.0	1.2	4.1	4.7	2.0	1.0	0.5	1.2	—	—	—	12.0	0.2	—	0.2	—	—	—	—	0.2	—	0.6	13.1
	1959	2.0	0.5	0.8	0.7	2.2	1.1	0.8	0.3	—	—	—	—	4.2	1.3	0.3	0.6	0.2	1.1	1.1	—	0.3	—	1.4	8.3
European Free Trade Association	1957	12.3	—	1.6	10.6	87.7	1.2	72.5	1.8	12.2	27.6	16.1	11.5	127.6	0.8	—	0.2	0.6	0.5	0.5	—	8.1	1.0	147.5	285.6
	1958	21.3	0.3	2.1	18.6	76.3	2.8	65.3	1.5	6.7	19.0	8.1	10.9	116.6	10.3	—	1.3	9.0	—	—	—	3.5	1.2	141.6	273.8
	1959	16.0	—	1.2	14.3	100.7	2.8	94.3	3.6	—	13.8	12.9	0.9	130.5	16.5	0.9	0.8	14.6	13.8	5.6	8.2	12.3	0.9	206.5	380.9
of which :																									
Sweden	1957	—	—	—	—	—	—	—	—		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	1958	—	—	—	—	0.2	—	0.2	—		0.2	0.2	—	0.4	—	—	—	—	—	—	—	—	—	—	0.4
	1959	—	—	—	—	1.1	—	1.0	—		1.1	1.1	—	2.2	—	—	—	—	—	—	—	—	—	—	2.2
Switzerland	1957	1.0	—	0.9	—	4.1	0.3	0.3	1.5	2.0	1.1	1.1	—	6.3	—	—	—	—	0.5	0.5	—	—	—	—	6.8
	1958	0.2	—	0.1	—	0.2	0.1	—	0.1	—	—	—	—	0.4	—	—	—	—	—	—	—	—	—	—	0.4
	1959	0.2	—	0.1	—	1.6	0.5	0.3	0.8	—	0.6	0.6	—	2.4	—	—	—	—	—	—	—	—	—	—	2.4
United Kingdom	1957	11.2	—	0.7	10.4	83.5	0.9	72.1	0.3	10.2	26.5	15.0	11.5	121.2	0.8	—	0.2	0.6	—	—	—	8.1	1.0	147.5	278.6
	1958	21.0	0.3	2.0	18.5	75.9	2.7	65.1	1.4	6.7	18.8	7.9	10.9	115.7	10.3	—	1.3	9.0	—	—	—	3.5	1.2	141.6	272.9
	1959	15.8	—	1.1	14.3	98.0	2.3	92.9	2.8	—	12.1	11.2	0.9	125.9	16.5	0.9	0.8	14.6	13.8	5.6	8.2	12.3	0.9	206.5	376.2
Rest of western Europe	1957	0.2	—	—	0.1	—	—	—	—	—	—	—	—	0.2	0.2	0.2	—	—	—	—	—	—	—	—	0.4
	1958	0.3	—	—	0.3	—	—	—	—	—	—	—	—	0.3	—	—	—	—	0.7	0.7	—	—	—	—	1.1
	1959	0.2	—	—	0.2	—	—	—	—	—	—	—	—	0.2	—	—	—	—	—	—	—	—	—	—	0.3

Western Europe	1957	33.4	—	4.2	29.0	124.2	5.9	90.0	5.5	22.8	30.3	18.0	12.3	187.9	2.2	0.2	1.4	0.6	0.5	0.5	—	8.3	1.0	155.6	355.9
	1958	30.0	2.3	3.7	23.6	83.4	4.8	67.8	2.2	8.6	19.0	8.1	10.9	132.4	10.6	—	1.6	9.0	0.7	0.7	—	3.8	1.2	144.6	294.0
	1959	49.7	0.6	5.2	43.4	120.8	4.5	107.2	4.6	4.5	14.8	13.9	0.9	185.3	21.2	1.3	1.9	16.2	15.3	7.1	8.2	14.3	0.9	212.9	450.4
Eastern Europe	1957	0.3	—	0.3	—	6.1	0.5	3.4	—	2.2	1.5	1.5	—	7.9											
	1958	—	—	—	—	5.1	—	3.9	—	1.2	3.4	3.4	—	8.5											
	1959	—	—	—	—	0.5	—	0.5	—	—	4.4	4.4	—	4.9											
of which :																									
Czechoslovakia	1957	—	—	—	—	0.6	—	0.6	—	—	—	—	—	0.6											
	1958	—	—	—	—	0.2	—	0.2	—	—	—	—	—	0.2											
	1959	—	—	—	—	0.5	—	0.5	—	—	—	—	—	0.5											
Poland	1957	—	—	—	—	2.2	—	—	—	2.2	0.9	0.9	—	3.1											
	1958	—	—	—	—	—	—	—	—	—	—	—	—	—											
	1959	—	—	—	—	—	—	—	—	—	—	—	—	—											
Rumania	1957	0.3	—	0.3	—	1.0	0.5	0.5	—	—	0.6	0.6	—	1.9											
	1958	—	—	—	—	—	—	—	—	—	—	—	—	—											
	1959	—	—	—	—	—	—	—	—	—	—	—	—	—											
Soviet Union	1957	—	—	—	—	2.3	—	2.3	—	—	—	—	—	2.3											
	1958	—	—	—	—	4.9	—	3.7	—	1.2	3.4	3.4	—	8.3											
	1959	—	—	—	—	—	—	—	—	—	4.4	4.4	—	4.4											
Latin America	1957	—	—	—	—	0.7	—	0.7	—	—	—	—	—	0.7											
	1958	0.2	—	—	0.2	0.9	—	0.9	—	—	—	—	—	1.1											
	1959	—	—	—	—	0.4	—	0.4	—	—	—	—	—	0.5											
Associated territories of EEC countries	1957	9.5	—	7.1	2.4	2.4	—	1.8	0.3	0.3	—	—	—	11.9											
	1958	8.6	0.2	5.7	2.7	1.5	—	0.9	0.1	0.4	—	—	—	10.1											
	1959	11.1	—	8.7	2.4	0.9	—	0.9	—	—	—	—	—	12.0											
Other associated territories of western European countries	1957	0.5	—	—	0.5	0.9	—	0.2	0.3	—	0.5	—	0.5	1.9											
	1958	0.5	—	—	0.4	1.0	—	0.2	0.3	—	0.4	—	0.4	1.9											
	1959	0.4	—	—	0.4	1.3	—	0.4	0.3	—	0.5	—	0.5	2.2											
Other countries in Africa	1957	1.5	—	1.0	0.5	2.1	—	1.4	0.1	0.5	—	—	—	3.6											
	1958	1.2	0.3	0.1	0.8	1.7	—	1.0	0.1	0.6	—	—	—	2.9											
	1959	0.9	—	0.8	0.1	1.9	—	1.7	0.1	0.1	—	—	—	2.9											
Other countries in Asia	1957	0.4	—	0.2	0.2	1.0	—	1.0	—	—	—	—	—	1.5											
	1958	0.4	—	0.2	0.2	1.2	—	1.1	—	—	—	—	—	1.6											
	1959	0.4	—	0.2	0.1	1.5	—	1.4	—	—	0.5	—	—	2.4											

Sources : OEEC, *Statistical Bulletins — Foreign Trade*, Series IV and C, Vol. II, Paris; United Nations, *Commodity Trade Statistics*, Statistical Papers, Series D, January-December 1957, 1958 and 1959, New York; national trade statistics.

NOTE. — All figures for imports into countries and areas other than western Europe were taken from export data of western European countries, without any adjustment of the latter to c.i.f. basis. Minor discrepancies in totals are due to rounding.

[a] Including unspecified and some statistical differences.

TABLE IX

Trade in cheese and curd (SITC group 024) between selected areas of the world

Millions of current dollars

Exports from: / Imports into:		EEC [a]	*of which :*				EFTA	*of which :*						Rest of western Europe	*of which :*		Western Europe [a]	Eastern Europe [a]	North America	*of which :*		Oceania	World [a]
			France	Western Germany	Italy	Netherlands		Austria	Denmark	Norway	Sweden	Switzerland	United Kingdom		Finland	Yugoslavia				United States	Canada		
European Economic Community	1957	52.8	2.8	5.9	4.3	39.6	44.2	2.5	19.9	1.2	1.3	18.3	1.0	2.7	2.6	0.1	99.8	0.4	0.4	0.4	—	1.0	102.1
	1958	54.0	2.7	6.9	4.7	39.4	49.5	3.8	22.9	1.2	1.0	19.5	1.1	3.0	2.9	—	106.5	0.5	0.6	0.5	—	0.8	108.7
	1959	58.0	3.6	6.6	4.4	43.2	58.1	6.1	27.2	2.3	1.2	20.7	0.5	5.1	5.1	—	121.2	0.9	0.1	0.1	—	0.6	123.3
of which :																							
Belgium-Luxembourg	1957	18.4	1.8	0.8	0.5	15.3	4.2	0.5	0.7	0.2	—	2.2	0.6	1.2	1.1	0.1	23.9	0.1	0.4	0.4	—	0.1	24.6
	1958	18.2	2.1	1.0	0.7	14.5	4.4	0.3	0.9	0.2	—	2.3	0.7	1.1	1.1	—	23.7	0.2	0.2	0.2	—	—	24.2
	1959	18.8	2.1	1.3	0.7	14.7	3.9	0.3	0.9	0.1	—	2.3	0.3	1.1	1.1	—	23.8	0.3	0.1	0.1	—	—	24.4
France	1957	5.7		0.8	3.2	1.7	5.9	—	0.1	—	—	5.8	—	0.2	0.2	—	11.8	—	—	—	—	—	11.9
	1958	5.9		0.9	3.6	1.5	6.3	—	0.3	—	—	6.0	—	0.7	0.6	—	12.9	0.1	—	—	—	—	13.2
	1959	6.8		0.9	3.2	2.7	7.1	0.1	1.1	0.3	—	5.6	—	0.7	0.7	—	14.6	—	—	—	—	—	14.8
Western Germany	1957	23.2	0.5		0.6	22.1	20.7	0.1	17.3	0.7	0.5	1.9	0.3	0.9	0.9	—	44.8	0.3	—	—	—	0.9	46.1
	1958	23.7	0.2		0.4	22.8	22.4	—	18.7	0.5	0.2	2.7	0.3	0.6	0.5	—	46.8	0.2	—	0.3	—	0.8	48.1
	1959	26.8	1.2		0.5	25.2	27.1	0.1	22.1	1.1	0.5	3.2	0.1	1.5	1.5	—	55.4	0.6	—	—	—	0.6	56.6
Italy	1957	5.3	0.4	4.3		0.5	13.1	1.9	1.8	0.3	0.8	8.4	—	0.4	0.4	—	18.9	—	—	—	—	—	18.9
	1958	5.9	0.3	5.0		0.6	16.1	3.5	3.0	0.5	0.8	8.3	—	0.6	0.5	—	22.6	—	—	—	—	—	22.6
	1959	5.2	0.2	4.4		0.6	19.7	5.6	3.0	0.8	0.7	9.5	—	1.8	1.8	—	26.7	—	—	—	—	—	26.8
European Free Trade Association	1957	12.1	1.3	0.8	4.8	5.2	13.1	0.1	9.3	1.9	0.2	1.4	—	0.4	0.3	—	25.8	0.1	2.7	—	2.7	50.8	79.7
	1958	14.4	1.5	0.7	4.9	7.2	11.7	0.1	8.5	1.4	0.2	1.4	—	1.5	1.3	—	27.8	0.1	5.0	—	5.0	44.2	77.3
	1959	19.8	2.2	0.7	5.2	11.6	14.8	0.2	10.0	2.7	0.2	1.7	—	2.5	1.8	—	37.3	0.1	9.7	2.1	7.6	71.9	120.6
of which :																							
Austria	1957	0.8	—	0.5	0.2	0.1	0.1		0.1	—	—	—	—	0.1	0.1	—	1.0	0.1	—	—	—	—	1.2
	1958	0.6	—	0.3	0.2	0.1	0.2		0.2	—	—	—	—	1.1	1.1	—	2.0	0.1	—	—	—	—	2.1
	1959	0.6	—	0.3	0.2	0.1	0.5		0.5	—	—	—	—	1.1	1.1	—	2.2	0.1	—	—	—	—	2.3
Sweden	1957	1.1	—	—	0.1	1.0	2.2	—	1.6	0.2		0.3	—	0.2	0.2	—	3.5	—	—	—	—	—	3.5
	1958	1.4	—	—	0.1	1.3	2.2	—	1.6	0.1		0.3	—	0.2	0.2	—	3.8	—	—	—	—	—	3.9
	1959	1.5	—	—	0.1	1.4	2.3	—	1.6	0.2		0.4	—	0.4	0.4	—	4.2	—	—	—	—	—	4.2
Switzerland	1957	4.2	0.4	0.1	3.4	0.3	0.2	0.1	0.1	—	—		—	—	—	—	4.4	—	—	—	—	—	4.4
	1958	4.7	0.6	0.1	3.4	0.5	0.3	0.1	0.2	—	—		—	—	—	—	5.0	—	—	—	—	—	5.0
	1959	5.4	1.0	0.1	3.7	0.6	0.5	0.1	0.4	—	—		—	—	—	—	5.9	—	—	—	—	—	6.0
United Kingdom	1957	6.0	0.9	0.2	1.1	3.8	10.3	—	7.4	1.6	0.2	1.0		0.1	—	—	16.5	—	2.7	—	2.7	50.8	70.2
	1958	7.7	0.9	0.3	1.2	5.3	8.8	—	6.4	1.2	0.2	0.9		0.2	—	—	16.7	—	5.0	—	5.0	44.2	66.0
	1959	12.2	1.2	0.3	1.2	9.5	11.2	0.1	7.3	2.4	0.2	1.2		1.0	0.3	—	24.4	—	9.7	2.1	7.6	71.9	107.5
Rest of western Europe	1957	1.0	—	—	0.4	0.5	0.3	—	0.2	—	—	0.1	—	1.5	0.1	1.0	2.6	0.8	7.8	7.8	—	—	11.2
	1958	1.0	—	—	0.6	0.2	0.3	—	0.2	—	—	0.1	—	0.7	0.1	0.6	2.0	0.8	10.4	10.4	—	—	13.4
	1959	0.5	—	—	0.1	0.4	0.3	—	0.2	—	—	0.1	—	0.5	0.1	0.5	1.4	0.4	0.6	0.6	—	0.1	2.5
of which :																							
Greece	1957	0.5	—	—	0.4	0.1	0.2	—	0.1	—	—	0.1	—	1.2	0.1	1.0	1.9	0.8	1.9	1.9	—	—	4.7
	1958	0.6	—	—	0.6	—	0.1	—	0.1	—	—	—	—	0.7	0.1	0.6	1.6	0.8	5.1	5.1	—	—	7.6
	1959	0.1	—	—	0.1	—	0.1	—	0.1	—	—	—	—	0.5	0.1	0.5	0.8	0.4	0.5	0.5	—	—	1.8
Yugoslavia	1957	—	—	—	—	—	—	—	—	—	—	—	—	—	—		—	—	5.9	5.9	—	—	5.9
	1958	—	—	—	—	—	—	—	—	—	—	—	—	—	—		—	—	4.2	4.2	—	—	4.2
	1959	—	—	—	—	—	—	—	—	—	—	—	—	—	—		—	—	—	—	—	—	—

Western Europe	1957	66.1	4.2	6.7	9.5	45.5	57.7	2.6	29.5	3.1	1.5	19.8	1.0	4.3	3.0	1.1	128.4	1.4	10.9	8.2	2.7	51.8	193.0
	1958	69.5	4.4	7.6	10.2	47.0	61.6	4.0	31.6	2.6	1.2	21.0	1.1	5.2	4.2	0.6	136.3	1.4	16.0	11.0	5.0	45.0	199.4
	1959	78.5	5.8	7.4	9.7	55.4	73.3	6.3	37.4	5.1	1.4	22.6	0.5	8.2	7.1	0.5	160.0	1.4	10.4	2.8	7.6	72.6	246.4
Eastern Europe	1957	—	—	—	—	—	0.6	—	0.5	—	—	0.1	—	4.2	4.2	—	4.8						
	1958	—	—	—	—	—	1.4	—	1.4	—	—	—	—	1.8	1.6	—	3.3						
	1959	0.1	—	—	—	0.1	2.0	—	1.9	—	—	0.1	—	0.5	0.5	—	3.0						
of which :																							
Eastern Germany	1957	—	—	—	—	—	0.4	—	0.4	—	—	—	—	3.1	3.1	—	3.6						
	1958	—	—	—	—	—	1.3	—	1.3	—	—	—	—	1.6	1.6	—	2.9						
	1959	0.1	—	—	—	0.1	1.8	—	1.8	—	—	—	—	0.5	0.5	—	2.5						
North America	1957	15.9	1.9	0.3	11.5	2.2	11.6	0.2	3.4	0.3	0.1	7.6	—	0.6	0.3	0.1	28.1						
	1958	17.2	1.9	0.2	12.7	2.3	12.2	0.2	3.8	0.3	0.1	7.7	0.1	0.6	0.4	0.1	30.1						
	1959	19.3	2.3	0.3	13.7	2.8	13.5	0.3	4.5	0.3	0.1	8.1	0.1	1.0	0.7	0.2	33.8						
of which :																							
United States	1957	14.1	1.7	0.2	10.5	1.7	9.5	0.2	2.5	0.3	0.1	6.4	—	0.6	0.3	0.1	24.2						
	1958	14.9	1.6	0.1	11.4	1.7	9.9	0.2	2.9	0.3	0.1	6.4	—	0.6	0.4	0.1	25.4						
	1959	16.7	2.0	0.2	12.2	2.1	10.9	0.3	3.3	0.3	0.1	6.9	—	1.0	0.7	0.2	28.6						
Canada	1957	1.8	0.2	0.1	1.0	0.5	2.1	—	0.9	—	—	1.2	—	—	—	—	3.9						
	1958	2.3	0.3	0.1	1.3	0.6	2.3	—	0.9	—	—	1.3	0.1	—	—	—	4.7						
	1959	2.6	0.3	0.1	1.5	0.7	2.6	—	1.2	—	—	1.2	0.1	—	—	—	5.2						
Latin America	1957	3.2	—	—	0.9	2.3	1.4	—	1.2	—	—	0.2	—	—	—	—	4.6						
	1958	3.7	0.1	—	1.5	2.1	1.8	—	1.5	—	—	0.3	—	—	—	—	5.5						
	1959	3.5	0.1	—	1.0	2.4	2.3	—	2.0	—	—	0.3	—	—	—	—	5.8						
Associated territories of EEC countries	1957	18.5	16.6	—	0.1	1.5	1.3	—	0.6	0.1	0.1	0.3	—	0.4	0.4	—	20.2						
	1958	20.1	17.9	—	0.1	1.7	1.2	—	0.5	0.1	0.1	0.3	—	0.7	0.7	—	22.0						
	1959	20.1	17.6	—	0.2	1.9	1.2	—	0.4	—	0.2	0.4	—	0.6	0.6	—	21.9						
Other associated territories of western European countries	1957	1.1	—	—	0.7	0.4	0.9	—	0.1	—	—	0.1	0.4	—	—	—	2.0						
	1958	1.2	—	—	0.7	0.5	1.0	—	0.2	—	—	0.1	0.4	—	—	—	2.2						
	1959	1.5	—	—	0.4	1.0	1.1	—	0.4	—	—	0.1	0.3	0.1	—	—	2.7						
Other countries in Africa	1957	4.1	3.1	—	0.3	0.7	0.7	—	0.5	0.1	—	0.1	—	0.6	0.4	0.2	5.4						
	1958	3.4	2.5	—	0.2	0.7	0.5	—	0.3	0.1	—	—	0.1	0.6	0.4	0.2	4.5						
	1959	2.6	1.8	—	0.2	0.5	0.8	—	0.7	—	—	—	0.1	0.3	0.2	0.1	3.7						
Other countries in Asia	1957	2.0	0.2	—	0.2	1.5	0.5	—	0.2	—	—	0.1	0.2	0.1	—	—	2.6						
	1958	1.2	0.1	—	0.2	0.9	0.6	—	0.2	—	—	0.1	0.3	0.1	—	—	1.9						
	1959	1.3	—	—	0.2	1.0	0.8	—	0.3	—	—	0.1	0.4	0.2	—	—	2.3						

Sources : OEEC, *Statistical Bulletins — Foreign Trade*, Series IV and C, Vol. II, Paris; United Nations, *Commodity Trade Statistics*, Statistical Papers, Series D, January-December 1957, 1958 and 1959, New York; national trade statistics.

NOTE. — All figures for imports into countries and areas other than western Europe and North America were taken from export data of western European countries, without any adjustment of the latter to c.i.f. basis.

[a] Including unspecified and some statistical differences.

TABLE X

Trade in eggs (SITC group 025) between selected areas of the world

Millions of current dollars

Imports into: / Exports from:		EEC [a]	*of which :*			EFTA	*of which :*			Rest of western Europe	*of which :*		Western Europe [a]	Eastern Europe [a]	*of which :*				North America	*of which :*		Latin America	Africa [b]	Asia [b]	Oceania	World [a]
			Belgium-Luxembourg	France	Netherlands		Denmark	Sweden	United Kingdom		Finland	Yugoslavia			Bulgaria	Czechoslovakia	Hungary	Poland		United States	Canada					
European Economic Community	1957	103.1	7.0	1.2	94.6	51.9	45.1	3.9	1.9	7.4	2.4	4.8	162.4	14.8	2.7	2.1	1.3	8.0	0.9	0.9	—	2.1	4.2	10.5	2.6	197.6
	1958	103.0	7.4	0.1	94.9	48.8	44.0	4.3	—	10.5	3.4	7.1	162.3	21.7	4.6	3.1	2.5	10.8	0.7	0.3	0.3	2.8	3.6	15.8	1.2	208.1
	1959	111.7	8.0	1.5	101.4	45.4	40.3	4.3	0.2	6.7	3.3	3.4	163.8	21.7	2.5	2.6	1.8	13.8	3.7	1.8	1.9	4.6	2.6	10.7	0.2	207.4
of which :																										
Belgium-Luxembourg	1957	0.9		—	0.8	0.1	—	—	0.1	—	—	—	1.0	0.1	—	—	—	0.1	0.1	0.1	—	—	—	0.2	—	1.4
	1958	1.1		—	0.9	—	—	—	—	—	—	—	1.1	0.1	—	—	—	0.1	0.2	0.2	—	—	—	0.1	—	1.5
	1959	1.0		—	0.9	—	—	—	—	—	—	—	1.0	—	—	—	—	—	0.2	0.1	0.1	—	—	0.1	—	1.3
France	1957	7.3	1.9		5.4	1.4	1.0	0.2	0.1	—	—	—	8.7	—	—	—	—	—	—	—	—	—	2.4	0.4	—	11.6
	1958	7.8	2.0		5.8	0.6	0.4	0.1	—	—	—	—	8.4	—	—	—	—	—	—	—	—	—	2.1	0.4	—	10.9
	1959	8.5	2.8		5.7	0.3	0.1	0.1	—	—	—		8.8	—	—	—	—	—	—	—	—	—	0.7	0.2	—	[illegible]
Western Germany	1957	83.4	3.9	0.6	78.8	45.1	39.0	3.6	1.5	4.5	2.4	2.0	133.0	8.8	1.5	2.1	0.1	4.4	0.8	0.8	—	1.3	1.3	7.1	2.3	154.6
	1958	81.2	2.4	—	78.6	42.8	38.5	4.0	—	4.4	3.4	1.0	128.4	13.3	2.4	3.0	0.5	6.7	0.4	0.1	0.3	1.9	1.0	10.1	0.8	156.0
	1959	86.7	2.8	0.5	83.4	41.6	37.1	4.1	—	3.8	3.3	0.5	132.1	14.0	1.3	2.5	0.5	8.8	2.5	1.7	0.8	3.0	1.7	5.7	0.2	159.2
Italy	1957	11.5	1.2	0.6	9.6	5.4	5.1	—	0.3	2.8	—	2.8	19.7	5.9	1.2	—	1.2	3.5	—	—	—	0.8	0.5	2.8	0.3	30.0
	1958	12.7	2.9	0.1	9.6	5.3	5.1	0.2	—	6.1	—	6.1	24.1	8.3	2.2	—	1.9	4.0	—	—	—	0.9	0.5	5.2	0.4	39.4
	1959	15.0	2.4	1.0	11.4	3.4	3.1	0.1	—	2.9	—	2.9	21.3	7.7	1.2	0.1	1.3	4.9	1.0	—	1.0	1.5	0.2	4.7	—	36.5
European Free Trade Association	1957	4.2	0.6	0.4	2.9	7.7	6.8	0.4	0.1	0.9	0.1	0.1	12.8	3.8	0.5	0.1	0.9	2.3	0.1	0.1	—	0.4	1.8	7.6	8.2	34.8
	1958	2.9	0.2	0.4	1.9	9.2	8.2	0.6	—	0.9	0.2	0.2	13.0	5.6	0.7	0.3	1.2	2.8	—	—	—	0.5	0.9	12.3	3.9	36.2
	1959	4.0	0.3	0.3	2.6	6.7	5.3	0.9	—	0.8	0.1	0.3	11.6	8.0	0.6	0.6	1.7	4.8	0.9	0.4	0.5	0.8	2.0	2.6	3.2	29.2
of which :																										
Austria	1957	0.4	—	—	0.4	0.4	0.4	—	—	—	—	—	0.8	1.0	—	—	0.4	0.5	—	—	—	—	—	0.4	0.1	2.3
	1958	0.6	—	—	0.5	0.5	0.5	—	—	—	—	—	1.1	1.5	0.3	0.2	0.3	0.6	—	—	—	—	—	0.6	—	3.3
	1959	1.0	—	—	1.0	1.3	1.2	—	—	0.1	—	0.1	2.4	1.8	0.4	0.2	0.8	0.3	—	—	—	—	—	—	0.3	4.6
Switzerland	1957	2.8	0.5	0.4	1.8	3.5	2.9	0.4	0.1	0.2	0.1	0.1	6.5	2.6	0.4	0.1	0.5	1.6	0.1	0.1	—	0.4	0.1	—	0.3	10.2
	1958	1.6	0.2	0.4	1.0	3.8	3.2	0.6	—	0.2	0.1	0.1	5.6	3.7	0.4	0.1	0.9	2.0	—	—	—	0.4	0.1	0.5	—	10.5
	1959	1.7	0.3	0.3	1.0	3.3	2.5	0.7	—	0.1	0.1	—	5.1	3.5	0.2	0.1	0.9	2.3	0.3	0.3	—	0.6	0.1	0.4	—	10.0
United Kingdom	1957	1.0	0.1	—	0.7	3.1	2.9	—		0.7	—	—	4.9	0.2	—	—	—	0.2	—	—	—	—	1.6	7.1	7.8	21.8
	1958	0.7	—	—	0.4	3.9	3.6	—		0.5	—	—	5.2	0.3	—	—	—	0.2	—	—	—	0.1	0.8	11.2	3.8	21.4
	1959	1.3	—	—	0.6	2.0	1.4	0.1		0.6	—	0.2	3.9	2.7	—	0.3	—	2.2	0.5	0.1	0.4	0.2	1.9	2.2	2.9	14.4
Rest of western Europe	1957	4.3	0.8	0.4	3.1	1.4	1.4	—	—	0.2	—	0.1	6.0	0.4	0.3	—	—	—	2.1	2.1	—	0.1	0.2	0.3	—	9.1
	1958	1.3	0.5	—	0.7	—	—	—	—	—	—	—	1.3	0.1	0.1	—	—	—	—	—	—	1.6	0.4	0.5	—	4.1
	1959	0.1	0.1	—	—	—	—	—	—	—	—	—	0.1	0.2	0.1	—	—	—	2.1	2.1	—	2.7	—	0.5	—	5.6
of which :																										
Spain	1957	4.2	0.8	0.4	3.0	1.2	1.1	—	—	0.1	—	—	5.5	—	—	—	—	—	2.1	2.1	—	—	0.2	—	—	7.8
	1958	1.1	0.5	—	0.6	—	—	—	—	—	—	—	1.2	—	—	—	—	—	—	—	—	1.6	0.4	—	—	3.2
	1959	0.1	0.1	—	—	—	—	—	—	—	—	—	0.1	—	—	—	—	—	2.1	2.1	—	2.7	—	—	—	5.0
Western Europe	1957	111.7	8.4	2.1	100.6	61.0	53.3	4.3	2.0	8.5	2.5	5.0	181.2	19.0	3.5	2.2	2.2	10.3	3.2	3.2	—	2.6	6.2	18.4	10.8	241.5
	1958	107.2	8.1	0.5	97.6	58.0	52.3	4.9	—	11.4	3.6	7.3	176.6	27.4	5.4	3.4	3.7	13.6	0.7	0.3	0.4	4.9	5.0	28.7	5.1	248.4
	1959	115.9	8.4	1.8	104.0	52.1	45.6	5.2	0.2	7.6	3.4	3.7	175.6	29.9	3.2	3.3	3.5	18.6	6.7	4.3	2.4	8.1	4.7	13.8	3.4	242.2

Sources : OEEC, *Statistical Bulletins — Foreign Trade*, Series IV and C, Vol. II, Paris; United Nations, *Commodity Trade Statistics*, Statistical Papers, Series D, January-December 1957, 1958 and 1959, New York; national trade statistics.

[a] Including unspecified and some statistical differences.

[b] Excluding associated territories of western Europe.

TABLE XI

Exports of selected European countries and the United States by main commodity groups and by area of destination

Millions of current dollars, f.o.b.

Area of destination and period → Exporting country and commodity group ↓	Total world		*of which :*							
			Highly industrialized countries		Semi-industrialized countries		Non-industrialized countries		Unspecified	
	1958	1959	1958	1959	1958	1959	1958	1959	1958	1959
UNITED KINGDOM										
1. Food, drink and tobacco	562.0	549.4	288.6	307.3	36.5	34.7	236.9	207.4	—	—
2. Mineral fuels and petroleum products	373.0	334.2	296.6	274.9	19.5	18.4	56.9	40.9	—	—
3. Metallic ores and base metals	800.6	893.3	389.0	523.8	223.3	205.7	188.3	163.8	—	—
of which : Iron and steel	*525.3*	*536.2*	*192.8*	*249.8*	*167.8*	*151.3*	*164.7*	*135.1*	—	—
4. Oil-seeds, fats and oils	18.2	23.8	10.7	16.4	3.0	2.6	4.5	4.8	—	—
5. Textile fibres, natural	203.8	217.1	152.0	170.1	39.2	31.8	12.6	15.2	—	—
6. Selected construction materials	131.1	127.0	39.6	43.5	29.2	26.8	62.3	56.7	—	—
7. Other raw materials	58.0	64.3	42.3	48.6	6.8	7.4	8.9	8.3	—	—
8. Metal manufactures	422.2	408.8	136.6	150.0	118.3	102.0	167.3	156.8	—	—
9. Power-generating (except electric) machinery	380.0	439.5	175.8	222.3	106.5	108.1	97.7	109.1	—	—
10. Agricultural machinery	46.8	44.5	25.1	25.3	12.3	9.9	9.4	9.3	—	—
11. Metal-working, mining, construction and other industrial machinery	946.0	1 016.5	397.3	460.3	304.0	319.3	244.7	236.9	—	—
12. Electric machinery	626.4	648.6	203.9	230.5	223.5	217.3	199.0	200.8	—	—
13. Tractors	215.3	251.2	113.5	151.4	66.9	56.2	34.9	43.6	—	—
14. Railway vehicles	129.7	95.1	15.6	9.1	80.1	60.5	34.0	25.5	—	—
15. Road motor vehicles	940.6	1 069.0	436.9	603.2	264.7	224.5	239.0	241.3	—	—
16. Other vehicles	515.7	432.9	237.3	174.2	130.5	130.3	147.9	128.4	—	—
17. Chemicals	736.8	820.7	292.1	352.5	207.5	211.7	237.2	256.5	—	—
18. Textile manufactures and clothing	811.5	797.8	371.8	416.2	240.1	194.5	199.6	187.1	—	—
of which : Textile yarns (including synthetic fibres)	*163.7*	*173.0*	*76.8*	*94.9*	*61.6*	*51.3*	*25.3*	*26.8*	—	—
Cotton fabrics	*145.0*	*129.6*	*28.5*	*28.7*	*55.6*	*43.5*	*60.9*	*57.4*	—	—
Other fabrics	*417.0*	*410.4*	*216.5*	*236.8*	*108.6*	*88.5*	*91.9*	*85.1*	—	—
19. Paper, manufactures of wood and paper (excluding furniture)	116.7	113.7	32.9	36.6	52.2	46.7	31.6	30.4	—	—
20. All other commodities	948.1	964.6	480.4	542.7	175.8	163.2	291.9	258.7	—	—
of which : Instruments and watches	*72.2*	*80.1*	*32.5*	*38.6*	*21.4*	*23.4*	*18.3*	*18.1*	—	—
TOTAL EXPORTS	8 982.5	9 312.0	4 138.0	4 758.9	2 339.9	2 171.6	2 504.6	2 381.5	—	—
FRANCE										
1. Food, drink and tobacco	668.5	667.1	312.4	343.9	4.4	6.4	349.5	314.8	2.2	2.0
of which : Cereals and preparations	*132.3*	*104.4*	*74.5*	*46.1*	*0.7*	*0.1*	*57.0*	*58.1*	*0.1*	*0.1*
Fruit and vegetables	*81.4*	*83.7*	*39.9*	*51.9*	*0.3*	*0.5*	*40.5*	*30.7*	*0.7*	*0.6*
Beverages	*176.1*	*176.2*	*114.6*	*123.7*	*2.7*	*1.9*	*58.1*	*49.9*	*0.7*	*0.7*
2. Mineral fuels and petroleum products	320.9	269.7	169.6	128.7	0.4	1.5	139.4	131.3	11.5	8.2
3. Metallic ores and base metals	831.5	1 021.1	525.9	721.3	92.9	83.1	212.6	216.7	0.1	—
of which : Ores and scrap	*88.4*	*130.9*	*88.2*	*130.7*	—	—	*0.2*	*0.2*	—	—
Iron and steel	*690.5*	*811.6*	*405.0*	*529.7*	*86.0*	*78.3*	*199.4*	*203.6*	*0.1*	—
4. Oil-seeds, fats and oils	28.4	25.8	9.1	7.3	0.5	0.3	18.8	18.2	—	—
5. Textile fibres, natural	113.5	142.6	105.5	134.8	3.1	2.9	4.9	4.9	—	—
6. Selected construction materials	67.1	79.7	29.6	41.0	3.0	3.6	34.5	35.1	—	—
7. Other raw materials	130.0	149.9	103.8	126.7	0.9	0.7	25.3	22.5	—	—
8. Metal manufactures	161.0	161.1	36.6	41.7	9.6	13.1	114.7	106.3	0.1	—
9. Power-generating (except electric) machinery	61.7	69.1	22.9	31.2	7.4	7.4	31.4	30.5	—	—
10. Agricultural machinery	11.2	12.0	4.3	5.6	0.2	0.2	6.7	6.2	—	—
11. Metal-working, mining, construction and other industrial machinery	281.3	322.3	126.8	152.8	31.7	38.9	122.7	130.3	0.1	0.3
12. Electric machinery	200.3	209.4	82.6	86.5	14.4	12.4	103.2	110.4	0.1	0.1
13. Tractors	14.8	15.7	3.5	4.0	0.9	1.4	10.4	10.3	—	—
14. Railway vehicles	32.9	32.2	12.4	16.4	3.3	1.4	17.2	14.4	—	—
15. Road motor vehicles	446.3	614.4	217.9	388.2	23.4	29.5	205.0	196.7	—	—
16. Other vehicles	116.3	96.9	61.9	53.8	24.5	11.4	29.9	31.7	—	—
17. Chemicals	428.7	471.9	207.8	244.9	29.4	34.0	191.0	192.6	0.5	0.4
18. Textile manufactures and clothing	505.6	587.4	221.9	287.2	16.2	16.5	267.4	283.6	0.1	0.1
of which : Textile yarns (including synthetic fibres)	*137.3*	*159.5*	*100.4*	*123.5*	*6.7*	*6.8*	*30.2*	*29.2*	—	—
Cotton fabrics	*86.7*	*91.2*	*12.7*	*24.5*	*2.2*	*2.3*	*71.8*	*64.4*	—	—
Other fabrics	*183.9*	*198.2*	*79.3*	*93.6*	*6.3*	*5.8*	*98.3*	*98.8*	—	—
19. Paper, manufactures of wood and paper (excluding furniture)	98.7	103.7	38.8	49.4	3.0	2.8	56.8	51.4	0.1	0.1
20. All other commodities	602.6	561.6	245.8	289.2	16.1	14.9	340.6	257.4	0.1	0.1
TOTAL EXPORTS	5 121.3	5 613.6	2 539.1	3 154.6	285.3	282.4	2 282.0	2 165.3	14.9	11.3

Sources and methods : See Appendix B.

TABLE XI (*continued*)

Exports of selected European countries and the United States by main commodity groups and by area of destination

Millions of current dollars, f.o.b.

Area of destination and period → Exporting country and commodity group ↓	Total world		*of which :* Highly industrialized countries		Semi-industrialized countries		Non-industrialized countries		Unspecified	
	1958	1959	1958	1959	1958	1959	1958	1959	1958	1959
WESTERN GERMANY										
1. Food, drink and tobacco	188.5	213.7	159.0	176.5	3.2	6.6	23.4	27.3	2.9	3.3
2. Mineral fuels and petroleum products	580.4	598.1	532.6	551.0	3.1	3.0	4.0	4.7	40.7	39.4
3. Metallic ores and base metals	1 010.3	1 213.1	690.3	914.5	190.2	182.3	129.8	116.3	—	—
of which : Iron and steel	*798.0*	*927.2*	*519.7*	*699.8*	*161.3*	*123.6*	*117.0*	*103.8*	—	—
4. Oil-seeds, fats and oils	28.7	33.7	23.5	28.6	0.2	0.2	5.0	4.9	—	—
5. Textile fibres, natural	31.0	39.1	30.9	38.9	—	0.1	0.1	0.1	—	—
6. Selected construction materials	136.6	141.9	91.2	105.0	23.1	13.9	22.3	23.0	—	—
7. Other raw materials	99.3	120.7	92.3	113.8	3.2	2.3	3.8	4.6	—	—
8. Metal manufactures	383.3	414.3	253.8	293.4	40.7	36.1	88.8	84.8	—	—
9. Power-generating (except electric) machinery	208.4	208.2	135.6	140.3	34.7	33.1	38.1	34.8	—	—
10. Agricultural machinery	61.3	76.7	55.7	71.6	2.7	2.3	2.9	2.8	—	—
11. Metal-working, mining, construction and other industrial machinery	1 536.8	1 581.4	1 103.5	1 166.6	258.5	235.3	174.8	179.5	—	—
12. Electric machinery	667.9	780.0	460.5	537.5	95.8	102.9	111.3	130.9	0.3	8.7
13. Tractors	79.3	61.6	46.7	49.5	24.5	5.3	8.1	6.8	—	—
14. Railway vehicles	106.5	77.2	41.6	31.8	31.1	24.0	33.8	21.4	—	—
15. Road motor vehicles	995.9	1 171.5	705.8	863.7	144.9	140.7	145.2	167.1	—	—
16. Other vehicles	300.6	326.3	239.2	239.1	9.8	22.4	51.6	64.8	—	—
17. Chemicals	940.4	1 104.8	655.6	795.1	144.1	149.7	140.7	160.0	—	—
18. Textile manufactures and clothing	414.1	471.2	311.0	367.1	38.7	40.6	64.4	63.5	—	—
of which : Textile yarns (including synthetic fibres)	*109.2*	*125.7*	*80.1*	*94.9*	*16.5*	*16.1*	*12.6*	*14.7*	—	—
Cotton fabrics	*70.9*	*80.4*	*53.0*	*61.8*	*8.1*	*8.7*	*9.8*	*9.9*	—	—
Other fabrics	*159.6*	*180.2*	*114.6*	*131.4*	*11.9*	*13.7*	*33.1*	*35.1*	—	—
19. Paper, manufactures of wood and paper (excluding furniture)	85.2	97.5	69.4	81.3	7.4	7.1	8.4	9.1	—	—
20. All other commodities	952.8	1 073.3	745.7	864.5	74.2	65.9	128.7	138.1	4.2	4.8
of which : Instruments and watches	*243.4*	*268.7*	*181.6*	*205.2*	*26.7*	*26.9*	*35.1*	*36.6*	—	—
TOTAL EXPORTS	8 807.3	9 804.3	6 443.9	7 429.8	1 130.1	1 073.8	1 185.2	1 244.5	48.1	56.2
ITALY										
1. Food, drink and tobacco	510.8	536.6	430.9	476.9	2.9	2.7	71.3	52.0	5.7	5.0
of which : Cereals and preparations	*70.0*	*76.4*	*26.3*	*51.6*	*0.1*	*0.1*	*43.2*	*24.3*	*0.4*	*0.4*
Fruit	*219.1*	*237.6*	*213.9*	*231.9*	*1.0*	*0.8*	*3.9*	*4.6*	*0.3*	*0.3*
Vegetables	*109.8*	*105.4*	*96.0*	*92.2*	*0.7*	*0.8*	*12.8*	*12.2*	*0.3*	*0.2*
2. Mineral fuels and petroleum products	180.1	213.9	114.5	133.9	0.2	1.7	42.9	38.8	22.5	39.5
3. Metallic ores and base metals	183.0	190.4	95.3	133.1	52.0	31.7	32.1	24.1	3.6	1.5
of which : Iron and steel	*148.0*	*149.0*	*68.2*	*100.0*	*49.2*	*29.0*	*30.6*	*20.0*	—	—
4. Oil-seeds, fats and oils	10.0	9.3	7.9	7.6	1.0	0.7	1.0	0.9	0.1	0.1
5. Textile fibres, natural	13.2	19.9	12.7	19.4	0.3	0.3	0.2	0.2	—	—
6. Selected construction materials	17.2	21.8	11.1	16.0	0.4	0.7	5.7	5.1	—	—
7. Other raw materials	63.7	83.9	54.3	71.8	2.2	4.8	7.2	7.3	—	—
8. Metal manufactures	78.1	92.5	33.6	52.7	12.0	13.1	32.5	26.7	—	—
9. Power-generating (except electric) machinery	65.3	63.8	27.0	27.0	19.0	23.2	19.3	13.6	—	—
10. Agricultural machinery	3.9	2.2	3.1	1.5	—	0.1	0.8	0.6	—	—
11. Metal-working, mining, construction and other industrial machinery	226.7	253.0	132.8	161.5	44.9	42.5	48.4	48.7	0.6	0.3
12. Electric machinery	62.0	60.7	32.8	31.4	9.2	12.8	19.7	16.3	0.3	0.2
13. Tractors	10.7	19.1	6.3	9.8	2.2	7.2	2.2	2.1	—	—
14. Railway vehicles	12.0	6.2	2.6	2.3	5.1	2.5	4.3	1.4	—	—
15. Road motor vehicles	208.4	267.3	148.5	212.4	32.4	24.0	27.5	30.9	—	—
16. Other vehicles	91.5	85.8	33.8	45.8	1.4	1.9	56.3	38.1	—	—
17. Chemicals	168.6	208.3	104.8	133.8	31.7	38.0	31.2	35.7	0.9	0.8
18. Textile manufactures and clothing	383.9	469.2	276.3	360.0	31.2	35.7	76.1	73.3	0.3	0.2
of which : Textile yarns (including synthetic fibres)	*95.7*	*119.9*	*59.2*	*80.0*	*15.2*	*20.5*	*21.2*	*19.3*	*0.1*	*0.1*
Cotton fabrics	*38.4*	*31.6*	*27.5*	*22.7*	*3.6*	*3.3*	*7.3*	*5.6*	—	—
Other fabrics	*178.4*	*212.3*	*128.2*	*162.5*	*9.7*	*10.6*	*40.5*	*39.2*	—	—
19. Paper, manufactures of wood and paper (excluding furniture)	22.1	27.0	14.6	19.7	0.9	1.3	6.5	5.9	0.1	0.1
20. All other commodities	226.0	283.7	172.2	233.3	14.9	12.9	37.4	35.9	1.5	1.6
TOTAL EXPORTS	2 537.2	2 914.6	1 715.1	2 149.9	263.9	257.8	522.6	457.6	35.6	49.3

Table XI (*continued*)

Exports of selected European countries and the United States by main commodity groups and by area of destination

Millions of current dollars, f.o.b.

Area of destination and period → Exporting country and commodity group ↓	Total world		*of which :* Highly industrialized countries		Semi-industrialized countries		Non-industrialized countries		Unspecified	
	1958	1959	1958	1959	1958	1959	1958	1959	1958	1959
BELGIUM-LUXEMBOURG										
1. Food, drink and tobacco	153.3	154.1	125.3	130.0	0.6	0.4	27.4	23.7	—	—
2. Mineral fuels and petroleum products	212.5	171.9	188.7	152.5	0.4	0.4	1.8	2.6	21.6	16.4
3. Metallic ores and base metals	963.8	1 029.8	692.0	839.8	135.0	59.1	136.8	130.9	—	—
of which : Iron and steel	*741.7*	*751.6*	*490.4*	*581.4*	*124.8*	*49.1*	*126.5*	*121.1*	—	—
4. Oil-seeds, fats and oils	14.7	14.6	11.7	11.7	—	—	3.0	2.9	—	—
5. Textile fibres, natural	97.4	119.1	89.6	114.5	3.8	2.4	4.0	2.2	—	—
6. Selected construction materials	104.9	135.5	79.4	108.7	7.5	9.0	18.0	17.8	—	—
7. Other raw materials	52.6	59.3	51.0	57.0	0.4	0.6	1.2	1.7	—	—
8. Metal manufactures	122.8	143.5	77.1	95.8	9.2	7.7	36.5	40.0	—	—
9. Power-generating (except electric) machinery	39.6	32.2	34.9	29.5	0.4	0.4	4.3	2.3	—	—
10. Agricultural machinery	7.6	9.7	7.0	9.4	0.2	0.2	0.4	0.1	—	—
11. Metal-working, mining, construction and other industrial machinery	103.2	109.9	76.8	87.0	7.2	7.8	19.2	15.1	—	—
12. Electric machinery	113.9	96.5	75.4	75.1	8.1	5.1	30.4	16.3	—	—
13. Tractors	0.3	0.4	0.2	0.2	—	—	0.1	0.2	—	—
14. Railway vehicles	35.0	27.3	6.6	3.9	10.5	13.3	17.9	10.1	—	—
15. Road motor vehicles	69.2	88.1	60.3	83.0	2.6	0.9	6.3	4.2	—	—
16. Other vehicles	58.1	62.8	44.2	41.9	0.7	1.0	13.2	19.9	—	—
17. Chemicals	231.4	258.1	156.9	191.7	33.1	31.6	41.4	34.8	—	—
18. Textile manufactures and clothing	340.6	377.1	303.3	341.2	13.2	12.9	24.1	23.0	—	—
19. Paper, manufactures of wood and paper (excluding furniture)	36.8	42.6	32.5	37.0	0.7	1.7	3.6	3.9	—	—
20. All other commodities	294.8	365.3	245.6	311.0	10.4	11.3	38.8	40.4	—	2.6
TOTAL EXPORTS	3 052.5	3 297.8	2 358.5	2 720.9	244.0	165.8	428.4	392.1	21.6	19.0
NETHERLANDS										
1. Food, drink and tobacco	895.6	1 024.6	727.4	839.3	8.3	9.8	159.9	175.5	—	—
of which : Live animals and meat	*185.2*	*198.9*	*175.5*	*188.5*	*0.7*	*0.4*	*9.0*	*10.0*	—	—
Dairy products	*277.2*	*334.3*	*193.4*	*237.8*	*1.0*	*0.8*	*82.8*	*95.7*	—	—
Fruit and vegetables	*172.3*	*203.4*	*162.9*	*194.2*	*1.0*	*1.7*	*8.4*	*7.5*	—	—
2. Mineral fuels and petroleum products	423.0	387.6	345.3	331.9	2.7	7.2	43.6	22.0	31.4	26.5
3. Metallic ores and base metals [a]	229.0	253.4	200.0	225.1	15.7	13.2	13.3	15.1	—	—
of which : Iron and steel	*131.7*	*147.9*	*107.4*	*127.5*	*13.2*	*10.9*	*11.1*	*9.5*	—	—
4. Oil-seeds, fats and oils	49.8	51.6	40.2	42.8	0.8	0.8	8.8	8.0	—	—
5. Textile fibres, natural	34.7	41.6	33.3	40.9	0.3	0.5	1.1	0.2	—	—
6. Selected construction materials	27.4	33.9	22.3	29.5	1.7	2.0	3.4	2.4	—	—
7. Other raw materials	136.9	156.9	133.1	152.6	1.1	1.1	2.7	3.2	—	—
8. Metal manufactures [a]	59.4	70.4	39.0	44.2	1.9	2.4	18.5	23.8	—	—
9. Power-generating (except electric) machinery	32.2	38.6	25.5	32.5	2.0	1.1	4.7	5.0	—	—
10. Agricultural machinery	3.5	5.3	3.2	4.9	0.3	0.3	—	0.1	—	—
11. Metal-working, mining, construction and other industrial machinery	113.8	133.3	79.8	99.1	11.4	15.5	22.6	18.7	—	—
12. Electric machinery	226.0	269.5	165.1	207.1	19.6	14.4	41.3	48.0	—	—
13. Tractors	0.2	0.3	0.2	0.3	—	—	—	—	—	—
14. Railway vehicles	4.7	1.5	4.2	1.4	—	—	0.5	0.1	—	—
15. Road motor vehicles	20.2	25.1	15.7	20.1	0.3	0.6	4.2	4.4	—	—
16. Other vehicles	136.5	167.6	90.4	87.5	4.1	44.5	42.0	35.6	—	—
17. Chemicals	272.6	318.8	184.8	222.9	22.2	28.4	65.6	67.5	—	—
18. Textile manufactures and clothing [a]	231.7	251.4	186.4	212.4	14.3	13.3	31.0	25.7	—	—
19. Paper, manufactures of wood and paper (excluding furniture)	64.2	70.6	52.5	59.0	2.9	2.8	8.8	8.8	—	—
20. All other commodities	255.9	304.4	175.9	226.7	25.3	27.9	43.3	39.5	11.4	10.3
TOTAL EXPORTS	3 217.3	3 606.4	2 524.3	2 880.2	134.9	185.8	515.3	503.6	42.8	36.8

[a] Data not fully comparable with those for other countries. For further details see Appendix B.

TABLE XI (*continued*)

Exports of selected European countries and the United States by main commodity groups and by area of destination

Millions of current dollars, f.o.b.

Area of destination and period → Exporting country and commodity group ↓	Total world		*of which :* Highly industrialized countries		Semi-industrialized countries		Non-industrialized countries		Unspecified	
	1958	1959	1958	1959	1958	1959	1958	1959	1958	1959
DENMARK										
1. Food, drink and tobacco	763.4	823.6	704.6	756.1	5.3	5.9	53.5	61.3	—	0.3
of which : Live animals and meat	*394.2*	*424.3*	*379.8*	*406.3*	*0.2*	*0.2*	*14.2*	*17.7*	—	*0.1*
Dairy products	*211.4*	*253.8*	*179.7*	*218.3*	*1.0*	*0.4*	*30.7*	*35.1*	—	—
Cereals and cereal preparations	*37.9*	*24.9*	*33.4*	*20.0*	*1.4*	*2.6*	*3.1*	*2.3*	—	—
2. Mineral fuels and petroleum products	1.2	4.3	1.1	4.3	—	—	0.1	—	—	—
3. Metallic ores and base metals	19.6	32.4	16.0	27.8	3.0	3.6	0.6	1.0	—	—
4. Oil-seeds, fats and oils	15.9	19.2	14.1	17.4	0.1	0.1	1.7	1.7	—	—
5. Textile fibres, natural	3.0	5.3	2.7	5.0	0.2	0.3	0.1	—	—	—
6. Selected construction materials	10.6	12.7	7.9	9.4	0.3	0.4	2.4	2.9	—	—
7. Other raw materials	54.8	65.4	53.7	63.9	0.7	1.1	0.4	0.4	—	—
8. Metal manufactures	16.8	19.0	13.4	13.3	0.8	2.5	2.6	3.2	—	—
9. Power-generating (except electric) machinery	27.8	26.9	22.9	23.1	2.5	1.1	2.4	2.7	—	—
10. Agricultural machinery	11.7	11.3	10.4	9.1	0.6	1.5	0.7	0.7	—	—
11. Metal-working, mining, construction and other industrial machinery	99.2	100.9	76.7	77.5	12.4	12.0	10.1	11.4	—	—
12. Electric machinery	39.7	35.9	31.0	27.4	4.7	4.0	4.0	4.5	—	—
13. Tractors	0.2	0.8	0.2	0.4	—	0.4	—	—	—	—
14. Railway vehicles	0.7	0.2	0.6	—	0.1	0.1	—	0.1	—	—
15. Road motor vehicles	6.9	9.4	6.6	8.9	0.1	0.1	0.2	0.2	—	0.2
16. Other vehicles	44.5	41.6	42.0	36.2	1.6	1.0	0.9	4.4	—	—
17. Chemicals	38.3	50.3	25.2	31.9	6.2	8.9	6.9	9.5	—	—
18. Textile manufactures and clothing	30.4	37.5	29.0	36.3	0.7	0.2	0.7	1.0	—	—
19. Paper, manufactures of wood and paper (excluding furniture)	11.5	12.8	10.1	11.2	0.2	0.2	1.2	1.4	—	—
20. All other commodities	47.5	65.0	43.7	59.8	1.7	3.5	2.1	1.7	—	—
TOTAL EXPORTS	1 243.7	1 374.5	1 111.9	1 219.0	41.2	46.9	90.6	108.1	—	0.5
NORWAY										
1. Food, drink and tobacco	135.4	147.5	102.8	113.2	9.3	9.3	23.3	25.0	—	—
2. Mineral fuels and petroleum products	2.5	1.7	2.5	1.7	—	—	—	—	—	—
3. Metallic ores and base metals	196.9	224.2	179.6	210.5	15.6	11.9	1.7	1.8	—	—
of which : Ores and scrap	*21.6*	*18.3*	*21.5*	*18.2*	—	—	*0.1*	*0.1*	—	—
Iron and steel	*51.1*	*62.0*	*42.3*	*55.3*	*7.5*	*5.5*	*1.3*	*1.2*	—	—
4. Oil-seeds, fats and oils	44.2	42.4	42.5	41.1	0.5	0.5	1.2	0.8	—	—
5. Textile fibres, natural	1.6	1.7	1.6	1.6	—	—	—	0.1	—	—
6. Selected construction materials	2.1	2.2	2.0	2.2	—	—	0.1	—	—	—
7. Other raw materials	111.1	110.2	104.7	105.4	5.8	4.0	0.6	0.8	—	—
8. Metal manufactures	19.7	17.5	17.5	16.1	1.3	0.7	0.9	0.7	—	—
9. Power-generating (except electric) machinery	0.8	2.1	0.6	2.0	0.1	—	0.1	0.1	—	—
10. Agricultural machinery	0.9	1.3	0.9	1.3	—	—	—	—	—	—
11. Metal-working, mining, construction and other industrial machinery	13.8	14.7	12.6	13.0	0.9	0.9	0.3	0.8	—	—
12. Electric machinery	10.1	9.9	5.1	5.6	1.0	1.7	4.0	2.6	—	—
13. Tractors	0.1	0.1	0.1	0.1	—	—	—	—	—	—
14. Railway vehicles	0.1	0.1	0.1	0.1	—	—	—	—	—	—
15. Road motor vehicles	1.0	2.7	1.0	2.6	—	—	—	0.1	—	—
16. Other vehicles	27.2	31.9	15.1	18.6	4.9	4.3	7.2	9.0	—	—
17. Chemicals	66.6	76.5	60.5	68.9	3.6	5.6	2.5	2.0	—	—
18. Textile manufactures and clothing	12.8	16.1	10.5	14.0	0.7	0.5	1.6	1.6	—	—
19. Paper, manufactures of wood and paper (excluding furniture)	78.5	87.5	47.1	50.9	14.8	16.7	16.6	19.9	—	—
20. All other commodities	17.3	19.1	15.5	17.3	0.9	0.9	0.9	0.9	—	—
TOTAL EXPORTS	742.7	809.4	622.3	686.2	59.4	57.0	61.0	66.2	—	—

TABLE XI (*continued*)

Exports of selected European countries and the United States by main commodity groups and by area of destination

Millions of current dollars, f.o.b.

Area of destination and period → Exporting country and commodity group ↓	Total world		*of which :*							
			Highly industrialized countries		Semi-industrialized countries		Non-industrialized countries		Unspecified	
	1958	1959	1958	1959	1958	1959	1958	1959	1958	1959
SWEDEN										
1. Food, drink and tobacco	72.5	76.5	69.4	75.0	0.7	0.5	2.4	1.0	—	—
2. Mineral fuels and petroleum products	3.8	9.1	3.6	8.8	0.1	0.1	0.1	0.2	—	—
3. Metallic ores and base metals	363.0	374.8	328.8	341.2	27.9	27.7	6.3	5.9	—	—
of which : Ores and scrap	*187.0*	*171.3*	*186.9*	*170.0*	—	—	*0.1*	*1.3*	—	—
Iron and steel	*137.7*	*156.2*	*107.3*	*126.0*	*24.2*	*25.8*	*6.2*	*4.4*	—	—
4. Oil-seeds, fats and oils	17.3	13.0	14.1	11.5	—	—	3.2	1.5	—	—
5. Textile fibres, natural	5.0	4.6	4.9	4.5	—	—	0.1	0.1	—	—
6. Selected construction materials	10.5	17.1	7.9	14.5	0.2	0.2	2.4	2.4	—	—
7. Other raw materials	510.9	538.0	468.3	498.3	28.9	24.1	13.7	15.6	—	—
of which : Timber	*186.1*	*187.9*	*175.5*	*176.7*	*1.8*	*1.7*	*8.8*	*9.5*	—	—
Pulp	*296.9*	*315.7*	*265.1*	*287.9*	*26.9*	*22.3*	*4.9*	*5.5*	—	—
8. Metal manufactures	90.3	93.0	66.3	70.0	13.3	11.4	10.7	11.6	—	—
9. Power-generating (except electric) machinery	31.7	32.6	22.8	23.7	5.4	3.4	3.5	5.5	—	—
10. Agricultural machinery	15.8	18.0	13.5	14.5	1.8	2.9	0.5	0.6	—	—
11. Metal-working, mining, construction and other industrial machinery	204.8	228.3	152.4	177.2	35.8	31.6	16.6	19.5	—	—
12. Electric machinery	85.8	84.0	46.6	49.2	18.9	18.1	20.3	16.7	—	—
13. Tractors	7.8	8.2	5.4	6.6	1.2	0.9	1.2	0.7	—	—
14. Railway vehicles	9.0	2.7	7.3	2.0	—	0.2	1.7	0.5	—	—
15. Road motor vehicles	82.1	104.8	65.9	86.3	7.9	6.2	8.3	12.3	—	—
16. Other vehicles	188.2	180.5	138.6	142.8	2.1	2.2	47.5	35.5	—	—
17. Chemicals	57.0	66.4	45.6	53.7	7.9	7.3	3.5	5.4	—	—
18. Textile manufactures and clothing	29.6	36.6	25.6	33.1	1.9	1.3	2.1	2.2	—	—
19. Paper, manufactures of wood and paper (excluding furniture)	229.7	235.6	161.3	172.9	37.4	31.0	31.0	31.7	—	—
20. All other commodities	71.5	81.7	55.2	70.2	3.8	3.0	12.5	8.5	—	—
TOTAL EXPORTS	2 086.3	2 205.5	1 703.5	1 856.0	195.2	172.1	187.6	177.4	—	—
NINE SELECTED EUROPEAN COUNTRIES COMBINED [a]										
1. Food, drink and tobacco	3 949.9	4 193.1	2 920.4	3 218.2	71.2	76.3	947.5	888.0	10.8	10.6
2. Mineral fuels and petroleum products	2 097.4	1 990.5	1 654.5	1 587.7	26.4	32.3	288.8	240.5	127.7	130.0
3. Metallic ores and base metals	4 597.7	5 232.5	3 116.9	3 937.1	755.6	618.3	721.5	675.6	3.7	1.5
4. Oil-seeds, fats and oils	227.2	233.4	173.8	184.4	6.1	5.2	47.2	43.7	0.1	0.1
5. Textile fibres, natural	503.3	591.0	433.2	529.7	46.9	38.3	23.2	23.0	—	—
6. Selected construction materials	507.5	571.8	291.0	369.8	65.4	56.6	151.1	145.4	—	—
7. Other raw materials	1 217.3	1 348.6	1 103.5	1 238.1	50.0	46.1	63.8	64.4	—	—
8. Metal manufactures	1 353.6	1 420.1	673.9	777.2	207.1	189.0	472.5	453.9	0.1	—
9. Power-generating (except electric) machinery	847.5	913.0	468.0	531.6	178.0	177.8	201.5	203.6	—	—
10. Agricultural machinery	162.7	181.0	123.2	143.2	18.1	17.4	21.4	20.4	—	—
11. Metal-working, mining, construction and other industrial machinery	3 525.6	3 760.3	2 158.7	2 395.0	706.8	703.8	659.4	660.9	0.7	0.6
12. Electric machinery	2 032.1	2 194.5	1 103.0	1 250.3	395.2	388.7	533.2	546.5	0.7	9.0
13. Tractors	328.7	357.4	176.1	222.3	95.7	71.4	56.9	63.7	—	—
14. Railway vehicles	330.6	242.5	91.0	67.0	130.2	102.0	109.4	73.5	—	—
15. Road motor vehicles	2 770.6	3 352.3	1 658.6	2 268.4	476.3	426.5	635.7	657.2	—	0.2
16. Other vehicles	1 478.6	1 426.3	902.5	839.9	179.6	219.0	396.5	367.4	—	—
17. Chemicals	2 940.4	3 375.8	1 733.3	2 095.4	485.7	515.2	720.0	764.0	1.4	1.2
18. Textile manufactures and clothing	2 760.2	3 044.3	1 735.8	2 067.5	357.0	315.5	667.0	661.0	0.4	0.3
19. Paper, manufactures of wood and paper (excluding furniture)	743.4	791.0	459.2	518.0	119.5	110.3	164.5	162.5	0.2	0.2
20. All other commodities	3 416.5	3 718.7	2 180.0	2 614.7	323.1	303.5	896.2	781.1	17.2	19.4
TOTAL EXPORTS	35 790.8	38 938.1	23 156.6	26 855.5	4 693.9	4 413.2	7 777.3	7 496.3	163.0	173.1

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[a] Belgium-Luxembourg, Denmark, France, western Germany, Italy, Netherlands, Norway, Sweden and the United Kingdom.

TABLE XI (*concluded*)

Exports of selected European countries and the United States by main commodity groups and by area of destination

Millions of current dollars, f.o.b.

Area of destination and period → Exporting country and commodity group ↓	Total world[a]		*of which :* Highly industrialized countries		Semi-industrialized countries		Non-industrialized countries		Unspecified[a]	
	1958	1959	1958	1959	1958	1959	1958	1959	1958	1959
UNITED STATES										
1. Food, drink and tobacco	2 703.1	2 858.8	1 527.3	1 673.7	394.5	374.3	696.7	729.3	84.6	81.5
of which : Cereals and preparations	*1 357.1*	*1.481.5*	*709.8*	*814.7*	*292.6*	*284.4*	*345.6*	*374.7*	*9.1*	*7.7*
Fruit and vegetables	*395.1*	*397.3*	*273.7*	*275.4*	*16.5*	*16.4*	*61.2*	*62.0*	*43.7*	*43.5*
Tobacco	*439.6*	*440.6*	*311.6*	*294.3*	*37.7*	*35.9*	*88.5*	*108.5*	*1.8*	*1.9*
2. Mineral fuels and petroleum products	1 087.0	864.4	743.0	582.0	108.6	95.3	119.6	89.3	115.8	97.8
3. Metallic ores and base metals	1 085.6	902.8	721.8	640.3	138.8	96.0	207.2	148.4	17.8	18.1
of which : Iron and steel	*612.0*	*408.7*	*311.5*	*209.3*	*99.1*	*61.0*	*189.5*	*127.0*	*11.9*	*11.4*
4. Oil-seeds, fats and oils	491.3	641.4	405.5	533.0	16.5	17.9	67.8	89.1	1.5	1.4
5. Textile fibres, natural	740.6	544.0	598.8	400.4	30.1	28.6	109.6	112.8	2.1	2.2
6. Selected construction materials	145.7	154.9	74.2	87.7	19.9	19.5	33.7	30.7	17.9	17.0
7. Other raw materials	537.6	654.0	394.9	488.8	72.0	90.5	52.8	55.6	17.9	19.1
8. Metal manufactures	632.8	563.9	131.2	135.5	49.7	38.9	130.3	103.5	321.6	286.0
9. Power-generating (except electric) machinery	312.6	302.5	132.9	134.2	59.2	62.4	82.2	74.1	38.3	31.8
10. Agricultural machinery	123.1	143.9	73.1	95.7	17.6	16.3	23.2	23.0	9.2	8.9
11. Metal-working, mining, construction and other industrial machinery	2 168.6	2 123.5	989.2	1 038.0	491.8	466.2	568.5	500.0	119.1	119.3
12. Electric machinery	939.4	894.6	290.8	337.9	153.2	127.0	209.9	177.4	285.5	252.3
13. Tractors	310.7	354.8	139.5	195.2	73.8	60.3	86.9	88.9	10.5	10.4
14. Railway vehicles	194.1	83.2	17.6	8.2	141.6	54.5	34.2	19.9	0.7	0.6
15. Road motor vehicles	1 255.5	1 202.2	362.8	435.2	281.8	250.7	346.8	347.4	264.1	168.9
16. Other vehicles	1 003.3	888.3	130.5	86.0	63.7	81.6	118.6	126.0	690.5	594.7
17. Chemicals	1 382.5	1 517.0	693.0	804.2	252.1	251.3	341.2	368.5	96.2	93.0
18. Textile manufactures and clothing	549.8	576.6	178.7	213.8	69.0	67.3	217.9	215.1	84.2	80.4
of which : Cotton fabrics	*161.0*	*152.4*	*48.4*	*52.2*	*12.8*	*10.9*	*81.7*	*71.3*	*18.1*	*18.0*
19. Paper, manufactures of wood and paper (excluding furniture)	262.6	285.4	115.0	139.9	28.7	29.1	97.1	94.5	21.8	21.9
20. All other commodities	1 767.6	1 826.8	541.5	602.1	133.3	134.3	370.3	362.4	722.5	728.0
TOTAL EXPORTS	17 693.5	17 383.0	8 261.3	8 631.8	2 595.9	2 362.0	3 914.5	3 755.9	2 921.8	2 633.3

[a] Including " Special categories."

TABLE XII

Output of main industrial products in Rumania in 1959 and in 1965 (plan)

	Unit	1959	1965	1965 multiple of 1959
Electric power	Million kWh	6 824	18 500	2.7
Coal	Thousand tons	7 977	11 500-12 500	1.4-1.6
Crude oil		11 438	12 200	1.07
Methane gas	Million cu.m.	5 782	13 300	2.3
Metallurgical coke	Thousand tons	609	1 600	2.6
Iron ore		1 064	4 000	3.8
Steel		1 418	3 300	2.3
Aluminium		—	20-30	..
Tractors	Number	11 000	25 000	2.3
Motor-lorries and buses		8 008	16 000	2
Diesel-electric engines		—	95	..
Freight cars		3 584	6 000	1.7
Metal-working machine-tools	Thousand tons	3 116	7 500-8 000	2.4-2.6
Drilling rigs	Number	72	135-140	1.9
Electric motors	MW	467	1 100	2.4
Excavators	Number	52	400	7.7
Soda ash and caustic soda	Thousand tons	171	500	2.9
Mineral fertilizers (100 per cent)		52	500	9.6
Synthetic rubber		—	50	..
Plastics and synthetic resins		5.8	>95	>16
Synthetic fibres and yarns		0.3	13	43
Tyres	Thousand	312	1 100	3.5
Paper	Thousand tons	127	374	2.9
Cement		2 850	6 500	2.3
Chipboard and fibreboard		17	>300	18
Furniture	Million lei	811	2 480	3.1
Radio sets	Thousand	167	300	1.8
Television sets		—	130	..
Bicycles		157	450	2.9
Refrigerators		4.1	50	12.3
Fabrics	Million sq.m.	287	540-550	1.9
Knitwear	Million items	30.5	>70	>2.3
Footwear	Million pairs	28.2	45	1.6
Meat	Thousand tons	241	610	2.5
Edible oil		60	200	3.3
Sugar		242	460	1.9

Source : Plan document.

TABLE XIII

Output of major industrial products in eastern Europe and the Soviet Union

Country and product	Unit	1959	1960 Plan	1960 Actual	1961 Plan
BULGARIA					
Coal	Million tons	15.4	17.4	17.1	18.7
Crude oil		0.19	0.18	0.20	..
Electric power	Million MWh	3.87	4.5	4.66	5.43
Crude steel	Million tons	0.23	0.30	0.25	0.39
Rolled products [a]		0.17	0.24	0.19	0.34
Nitrogenous fertilizers	Thousand tons	185	247.7	248	267.4
Phosphate fertilizers		153	275.0	207	366.7
Sulphuric acid		91	151	123	211
Plastics		2.5	..	6	9.8
Cement	Million tons	1.43	1.77	1.59	1.94
Bricks	Millions	758	1 068	931	1 176
Cotton fabrics	Million metres	209	212	218	213
Woollen fabrics		18.6	18.40	19.0	16
Silk fabrics		9.5	..	11.0	..
Footwear (all)	Million pairs	7.8	7.56 [b]	7.5 [b]	6.6 [b]
Wireless sets	Thousand	127.8	..	157.4	..
Motor-cycles		6.07	7.50	7.53	9.0
Bicycles		74	85	75.0	..
CZECHOSLOVAKIA					
Hard coal (net)	Million tons	25.12	26.35	26.40	..
Brown coal including lignite		53.70	56.60	57.89	..
Crude oil	Thousand tons	123	130	137	..
Electric power	Million MWh	21.88	24.27	24.45	..
Iron ore	Million tons	2.97	3.20	3.12	..
Pig iron		4.24	4.72	4.70	..
Crude steel		6.14	6.84	6.77	7.46
Rolled products [a]		4.01	4.50	4.48	..
Nitrogenous fertilizers (N)	Thousand tons pure	133.2	142.7	140	..
Phosphate fertilizers (P_2O_5)		135.2	150.8	147	..
Sulphuric acid	Thousand tons SO_3	513	583	553	..
Artificial fibres	Thousand tons	58.1	61.9	62	70.2
Plastics		53.6	55.3	58	78.2
Cement	Million tons	4.74	5.0	5.05	..
Bricks	Billion	2.38	2.75	2.53	..
Cotton fabrics	Million metres	441.6	440.2	445	..
Woollen fabrics		45.5	45.3	45.0 [c]	..
Silk fabrics		60.6	62.5	65.0	..
Footwear (all)	Million pairs	88.0	93.4	92.9	..
Wireless sets	Thousand	280.5	250.2	242.8 [c]	..
Television sets		196.6	243.9	262.9	..
Domestic washing machines		296.5	208.6	217.5	..
Domestic refrigerators		103.7	130.0	132.4	..
Motor-cycles		151.3	156.6	160.1	..
Motor-cars		50.6	56.0	56.2	..
Tractors		29.2	31.7	32.5	..
EASTERN GERMANY					
Brown coal	Million tons	214.6	..	225.4	..
Electric power	Million MWh	37.2	..	40.3	..
Pig iron	Million tons	1.89	..	1.99	1.94[d]
Crude steel		3.20	..	3.34	3.48[d]
Rolled products [a]		2.48	..	2.31	2.57[d]
Phosphate fertilizers (P_2O_5)	Thousand tons pure	130.9	..	165.8	193 [d]
Sulphuric acid	Thousand tons SO_3	562.4	..	595.9	712 [d]
Calcium carbide	Thousand tons	887.5	..	922.7	1 013 [d]
Calcined soda	Thousand tons Na_2CO_3	559.2	..	593.7	..
Cement	Million tons	4.20	..	5.03	..
Woollen fabrics	Million sq.m.	19.72	..	22.12	.. [d]
Dederon stockings	Million pairs	41.73	..	47.44	52.3
Television sets	Thousand	289.7	..	416.49	560 [d]
Domestic sewing machines		253.15	..	261.79	..
Domestic refrigerators		86.59	..	138.55	163 [d]
Domestic washing machines		107.69	..	132.46	149 [d]
HUNGARY					
Coal	Million tons	25.3	26.0	26.5	28.0
Crude petroleum		1.04	1.16	1.22	1.40
Electric power	Million MWh	7.1	7.7	7.62	8.33
Pig iron	Million tons	1.11	..	1.25	1.29
Crude steel		1.76	..	1.89	2.01
Rolled products [a]		1.14	1.19	1.23	1.43
Bauxite		0.96	..	1.19	1.26
Aluminium		45.7	..	49.5	..
Nitrogenous fertilizers (N)	Thousand tons	245	260	279	335
Phosphate fertilizers (P_2O_5)		231	240	266	..
Sulphuric acid		148	..	164	..
Cement		1.43	1.51	1.57	1.73
Bricks	Million tons	1.66	..	1.77	..
Cotton fabrics	Billion	227	236	240	251
Woollen fabrics	Million sq.m.	24.6	27.2	27.6	29.5
Leather shoes	Million pairs	17.7	20.1	21.3	23.3
Television sets	Thousand	88.1	..	139.8	..
Wireless sets		259.0	..	211.6	..
Domestic washing machines		83.7	..	144.3	..
Domestic refrigerators		8.48	9.42	8.74	..
Motor-cycles		66.80	..	57.5	..
Tractors		2.28	..	2.65	..
POLAND					
Hard coal	Million tons	99.1	103.0	104.4	105.5
Electric power	Million MWh	26.4	29.0	29.3	31.9
Iron ore, crude	Million tons	2.0	2.1	2.1	2.5

TABLE XIII (*concluded*)

Output of major industrial products in eastern Europe and the Soviet Union

Country and product	Unit	1959	1960 Plan	1960 Actual	1961 Plan
POLAND (*continued*)					
Pig iron (in terms of open hearth)	Million tons	4.37	4.60	4.56	4.77
Crude steel		6.2	6.5	6.7	7.1
Rolled products [a]		4.1	4.3	4.4	4.8
Nitrogenous fertilizers (N)	Thousand tons pure	256.0	269.0	270.2	273
Phosphate fertilizers (P_2O_5)		174.0	207	207.0	230
Sulphuric acid	Thousand tons H_2SO_4	610.0	680	684.8	804
Calcined soda (98 per cent)	Thousand tons	440.0	515	528.5	527
Caustic soda (96 per cent)		159.0	167.7	172.5	184
Cement	Million tons	5.31	6.58	6.6	7.3
Bricks	Billion	3.47	..	3.37	..
Cotton fabrics	Million metres	651	639.6	666	679.5
Woollen fabrics		80.3	82.4	79	75.3
Silk fabrics		105.0	108.3	110	115.5
Leather footwear	Million pairs	37.5	40.6	38.8	..
Wireless sets	Thousand	749.0	720	627.1	585
Television sets		117.0	180	171.3	230
Domestic sewing machines		171.0	213	..	240.0
Motor-cycles		103.0	127	..	125.5
Motor-cars		14.2	12.3	12.9	14.4
Tractors (two axles)		3.04	7.9	7.7	11.5
RUMANIA					
Coal (gross)	Million tons	7.98	..	8.16	..
Crude oil		11.44	..	11.5	..
Methane gas	Billion cu.m.	5.78	..	6.52	..
Electric power	Million kWh	6.82	7.7	7.63	8.8
Iron ore	Million tons	1.06	1.4	1.46	..
Pig iron		0.85	0.95	1.01	1.08
Crude steel		1.42	1.73	1.81	2.1
Rolled products [a]		0.82	1.14	1.26	1.51
Sulphuric acid	Thousand tons	199	..	226	..
Calcined soda		104	..	182	..
Caustic soda		64	..	77	..
Artificial fertilizers (N and P_2O_5)		52.1	..	71	92
Cement	Million tons	2.85	..	3.05	..
Wireless sets	Thousand	167	..	167	..
Bicycles		157	..	243	300

Country and product	Unit	1959	1960 Plan	1960 Actual	1961 Plan
RUMANIA (*continued*)					
Domestic refrigerators	Thousand	3.8	..	10.4	30
Domestic sewing machines		40.6	..	52.6	60
Cotton fabrics	Million sq.m.	218	255	248	..
Footwear (all)	Million pairs	28.3	..	30.2	..
Tractors	Thousand	11	15	17.1	..
SOVIET UNION					
Coal	Million tons	506.6	515.1	513	..
Crude petroleum		129.6	144.1	148	164
Natural gas	Billion cu.m.	37.2	53	47	63
Electric power	Million MWh	265.1	294.7	292	327
Iron ore (in terms of dressed ore — 65 per cent of ore)	Million tons	94.4	105	107	..
Pig iron		43.0	46.8	46.8	51.0
Crude steel		60.0	64.7	65.3	71.20
Rolled steel		47.0	50.4	50.9	55.27
Steel tubes		5.23	..	5.8	..
Artificial fertilizers [e]	Million tons gross weight	12.9	13.5	13.8	..
Sulphuric acid		5.09	..	5.4	..
Artificial and synthetic fibres	Thousand tons	179.4	182	211	253
Tyres	Million	15.5	..	17.2	..
Cement	Million tons	38.8	45.5	45.5	..
Bricks [f]	Billion	32.1	..	34.0	..
Prefabricated concrete structures and parts	Million cu.m.	25.4	28.8	32	..
Roofing slates	Billion slates	2.6	..	3	..
Soft roofing	Million sq.m.	690	..	749	..
Cotton fabrics		4 571	..	4 800	6 520
Woollen fabrics		416	..	439	
Silk fabrics		663	..	675	
Linen fabrics		484.0	..	516	
Leather shoes	Million pairs	389.5	407.5	418	440
Radio sets	Million	4.04	..	4.2	..
Television sets		1.28	..	1.7	..
Domestic refrigerators	Thousand	426	532	529	..
Domestic washing machines		724	955	953	..
Domestic sewing machines	Million	2.94	..	3.1	..
Motor-cars	Thousand	124.5	..	139	..
Tractors		212.9	..	238.5	..

Sources : National statistical yearbooks, bulletins, plans and plan fulfilment reports; *Rabotnichesko delo*, 23 December 1959, 17 December 1960.

NOTE. — For comparison with earlier years, see *Economic Survey of Europe in 1959*, pp. A-10 to A-13.

[a] Excluding tubes.

[b] Excluding rubber shoes.

[c] Excluding output in the producers' co-operatives.

[d] As shown in the framework of the Seven-year Plan (1959-1965), published 1 October 1959.

[e] Gross weight in the following standard units: nitrogenous fertilizer in terms of sulphate of ammonia; phosphate fertilizer 19 per cent P_2O_5 content; potash fertilizer 41.6 per cent K_2O content.

Excluding collective farm output.

TABLE IV

Projected population of the Soviet Union, 1959 to 1974 [a]

Thousands

Age group	Both sexes				Males				Females			
	1959	1964	1969	1974	1959	1964	1969	1974	1959	1964	1969	1974
0–4	24 164	25 054	26 022	28 131	12 304	12 768	13 275	14 367	11 860	12 286	12 747	13 764
5–9	22 199	23 940	24 865	25 870	11 304	12 182	12 664	13 189	10 895	11 758	12 201	12 681
10–14	14 891	22 101	23 855	24 791	7 521	11 245	12 129	12 617	7 370	10 856	11 726	12 174
15–19	16 917	14 819	22 016	23 803	8 545	7 478	11 192	12 083	8 372	7 341	10 824	11 720
20–24	20 343	16 797	14 734	21 922	10 056	8 470	7 423	11 127	10 287	8 327	7 311	10 795
25–29	18 190	20 157	16 673	14 652	8 917	9 944	8 391	7 368	9 273	10 213	8 282	7 284
30–34	18 999	17 990	19 978	16 559	8 611	8 803	9 837	8 318	10 388	9 187	10 141	8 241
35–39	11 590	18 746	17 789	19 804	4 528	8 473	8 684	9 730	7 062	10 273	9 105	10 074
40–44	10 408	11 397	18 475	17 574	3 998	4 432	8 318	8 549	6 410	6 965	10 157	9 025
45–49	12 264	10 175	11 172	18 149	4 706	3 884	4 317	8 124	7 558	6 291	6 855	10 025
50–54	10 447	11 874	9 882	10 884	4 010	4 514	3 734	4 161	6 437	7 360	6 148	6 723
55–59	8 699	9 967	11 373	9 503	2 906	3 772	4 258	3 532	5 793	6 195	7 115	5 971
60–64	6 866	8 122	9 344	10 720	2 398	2 669	3 477	3 940	4 468	5 453	5 867	6 780
65–69	4 870	6 190	7 362	8 498	1 701	2 121	2 367	3 092	3 169	4 069	4 995	5 406
70+	7 980	9 672	11 976	14 581	2 545	3 029	3 686	4 308	5 435	6 643	8 290	10 273
All ages	208 827	227 001	245 516	265 441	94 050	103 784	113 752	124 505	114 777	123 217	131 764	140 936

Sources and methods : See Appendix B.

[a] Figures refer to January of each year.

TABLE XV

Labour density, investment and income per collective farm member in the Soviet Union, by regions, 1953 to 1959

Index numbers, country average=100

	Farm members [a] per 1,000 ha sown	Indivisible funds of collective farms per farm member [a]			Gross money incomes of collective farms per farm member [a]			Average yearly labour remuneration per man [b]
	1959	1953	1956	1959	1953	1956	1959	1956-1957
RSFSR	75	93	94	102	76	87	98	
North	179	86	74	88	52	63	78	
North-west	147	76	73	77	56	98	86	
Centre	108	107	96	94	64	91	94	
Volgo-Viatskii	112	78	70	66	46	54	64	
Central black earth	95	61	65	72	54	71	77	
Volga	52	88	93	116	79	75	102	
Northern Caucasus	77	136	135	142	149	136	139	
Urals	63	84	86	95	70	64	94	
Western Siberia	43	95	122	144	89	133	130	
Eastern Siberia	57	120	128	170	94	105	132	
Far East	39	194	158	163	163	124	167	
Ukraine	139	70	81	84	91	89	88	92
Byelorussia	199	36	47	55	33	59	46	68
Moldavia	219	70	83	79	118	92	92	96
Kazakhstan	32	193	183	219	136	195	201	148
Uzbekistan	290	212	182	122	290	234	188	171
Kirghizia	139	170	150	191	166	159	155	122
Tadjikistan	257	240	210	119	261	185	133	122
Turkmenistan	317	275	246	169	308	225	179	273
Lithuanian SSR	129	40	48	76	41	41	74	48
Latvian SSR	119	98	114	148	119	125	129	111
Estonian SSR	109	105	124	140	123	129	157	129
Georgian SSR	392	216	194	123	152	105	85	96
Azerbaidzan	218	156	129	92	163	106	85	82
Armenia	263	249	171	139	149	116	108	109
Soviet Union, absolute figures [c]	185	2 743	3 654	7 703	1 950	3 507	5 678	..

Sources : Selskoe khozyaistvo, 1960, and A. Teryaeva, *Voprosy ekonomiki*, No. 1, 1959, pp. 108-109, for labour remuneration.

[a] Average yearly number of members having worked in collective farming.

[b] Remuneration per man-day multiplied by the number of man-days worked on average in collective farming by each able-bodied farm member.

[c] For farm members, numbers; for indivisible funds and gross money incomes, roubles.

TABLE XVI

Farming structure and yield indicators by type of farm in five eastern European countries

A. BULGARIA

	State farms				Co-operative farms				Private plots of co-operative farmers				Individual farms			
	1952	1953	1957	1958	1952	1953	1957	1958	1952	1953	1957	1958	1952	1953	1957	1958
Average size of farm — hectares [a]	1 107	1 213	3 631 [b]	3 376 [c]	844	861	1 153 [b]	4 186 [c]	0.35 [d]	0.34 [d]	0.36 [d]					
Active per 100 hectares [a]	22	21	18 [b]	28 [c]	49 [c]	..	50 [be]	46 [ce]								
As percentage of total :																
Areas sown:																
All crops	2.5	2.8	3.8	3.5	52.7	53.5	74.2	83.0	3.6	3.6	7.0	7.7	38.0	36.3	12.8	4.3
Grain	1.9	2.3	3.4	3.1	51.5	51.0	72.9	82.5	3.4	3.7	[illegible]	8.4	40.0	39.0	14.1	4.7
of which : Maize for grain	1.0	1.4	3.5	3.2	50.2	49.1	64.9	74.3	7.5	7.4	14.7	16.9	38.4	38.1	14.6	4.3
Feed crops other than grain	8.4	8.2	8.7	8.3	55.8	61.4	77.6	82.9	3.9	4.0	4.6	4.9	28.1	22.8	5.7	1.3
Technical crops	1.8	2.0	2.4	2.0	58.4	60.8	83.0	90.9	1.8	1.1	1.0	0.7	35.5	33.4	12.2	5.4
Vegetables and potatoes	2.1	2.0	2.3	1.3	40.7	42.9	59.9	64.4	18.0	15.3	23.9	28.1	32.8	32.1	9.8	3.6
Fruit other than grapes [f]	0.8	0.9	1.4	1.8	21.4	23.3	55.2	72.4	3.2	2.5	6.8	10.5	57.4	56.5	25.1	8.2
Wine grapes [f]	0.3	0.4	1.0	1.3	21.5	22.8	43.4	49.3	25.5	26.5	37.3	41.0	44.3	41.8	12.7	4.1
Gross crop output	..	..	3.0	3.4	..	..	71.5	78.1	..	..	11.1	12.4	..	..	11.4	4.2
Livestock density:																
Cattle per 100 hectares [a]	8.6	10.0	14.7	20.0 [e]	17.4	17.7	18.6	18.7 [c]	104.1	81.7	97.2	71.4 [c]	44.5	47.3	51.5	37.7 [c]
Pigs per 100 hectares [g]	54.6	69.1	56.0	157.4 [c]	8.2	11.9	19.0	38.0 [c]	265.8	266.3	300.4	161.6 [c]	22.7	25.2	26.4	22.6 [c]
Milk yields — litres per cow	2 434	2 317	3 073	3 161 [c]	528	666	1 479	1 742 [c]	420	425	655	720 [c]	396	394	612	634 [c]
As percentage of total :																
Cattle	0.6	0.8	1.7	2.3	24.6	26.2	42.8	56.0	12.3	10.0	24.1	33.3	52.5	53.8	24.4	5.0
Beef and veal output	0.9	1.0	2.7	2.0	21.5	19.8	36.8	37.8	12.9	18.4	16.6	25.6	52.8	50.5	35.2	27.5
Pigs	4.3	5.9	4.4	6.1	13.3	18.2	28.8	41.9	30.3	29.0	43.9	38.4	28.7	27.9	7.7	1.7
Pork output	3.0	4.6	5.5	5.0	26.9	15.4	27.5	26.1	25.3	37.9	30.0	42.6	17.7	26.9	14.6	8.8
Gross animal output	..	..	4.6	4.7	..	..	35.1	37.8	..	..	33.0	39.7	..	..	18.4	10.3

B. CZECHOSLOVAKIA

	State farms				Co-operative farms				Private plots of co-operative farmers				Individual farms			
	1954	1955	1958	1959	1954	1955	1958	1959	1954	1955	1958	1959	1954	1955	1958	1959
Average size of farm — hectares [a]	..	4 520 [p]	6 006 [p]	6 307 [p]	..	266	330	354	..	0.53	0.50	0.49	..	3.0	1.7	1.2
Active per 100 hectares [g]	26.4 [p]	25.6 [p]	21.8 [p]	20.3 [p]	21.8	23.4	28.3	27.3	..	..	..	..	45.9	45.7	55.0	56.0
As percentage of total :																
Areas sown:																
Grain	..	10.6	14.1	15.2	..	27.1	52.8	60.9	..	..	4.3	5.1	..	62.3 [h]	28.8	18.8
Potatoes	..	7.1	7.9	8.0	..	19.4	42.6	49.6	..	..	11.3	14.3	..	73.5 [h]	38.2	28.1
Feed crops	..	17.3	21.8	22.0	..	27.3	52.8	61.4	..	..	1.9	2.2	..	55.4 [h]	23.5	14.4
Livestock density:																
Cattle per 100 hectares [a]	46.0 [p]	43.9 [p]	45.7 [p]	48.1 [p]	43.8	44.1	52.5	56.0	149.5	133.3	139.5	130.5	64.7	64.4	66.0	66.3
Pigs per 100 hectares [g]	129.2 [p]	121.9 [p]	86.9 [p]	92.9 [p]	73.2	80.7	72.7	83.5	462.8	483.1	414.3	395.7	81.8	91.5	106.6	112.6
Milk yields — litres per cow	2 234	2 237	2 214	2 159	1 300	1 537	1 480	1 483					..	1 543	1 711	1 697
As percentage of total :																
Cattle	10.5	11.0	13.1	14.5	19.5	19.7	50.1	57.8	4.0	3.8	10.5	10.6	65.3	64.9	25.6	16.4
Beef output	..	10.4	11.5	12.3	..	21.2 [h]	42.8	54.1	..	..	10.9	11.1	..	68.4	34.8	22.5
Pigs	16.4	15.6	15.5	16.9	21.0	21.3	41.1	48.9	8.3	8.1	18.1	17.8	49.3	49.9	19.9	12.0
Pork output	..	14.8	10.3	11.4	..	15.8 [h]	29.1	38.9	..	..	4.1	3.9	..	69.4	56.5	45.8

C. EASTERN GERMANY

	State farms				Co-operative farms [h]				Private plots of co-operative farmers				Individual farms			
	1954	1955	1958	1959	1954	1955	1958	1959	1954	1955	1958	1959	1954	1955	1958	1959
Average size of farm — hectares [a]	503	525	534	565	157 [i]	195 [i]	229 [i]	254 [i]	0.85	0.69	0.63	..	6.4	6.0	6.3	
As percentage of total :																
Areas harvested:																
All crops [j]	4.7	4.8	6.2	6.4	13.8	19.9	31.4	42.6					74.4	71.4	60.2	49.5
Grain	4.1	4.3	5.7	5.7	13.1	18.8	30.2	40.7					..	..	61.9	52.2
Oil-seeds	7.3	6.9	8.3	8.6	17.6	25.8	40.1	51.2					..	..	49.6	39.3
Potatoes	4.2	3.9	4.5	4.4	11.1	16.0	27.8	38.2					..	..	66.5	56.5
Sugar-beet	5.6	5.8	6.8	6.8	21.4	27.8	38.3	51.3					..	..	54.0	41.4
Sown grasses	4.7	4.8	7.1	8.3	13.4	17.6	36.4	49.1					..	..	54.2	41.3
Gross crop output [k]	..	12.7	10.8	10.4	..	18.0	22.6	32.4					..	69.3	66.6	57.2
Livestock density:																
Cattle per 100 hectares [a]	37.9	37.4	45.8	61.4	47.0	46.2	48.9	65.7					64.8	64.5	68.8	74.1
Pigs per 100 hectares [a]	167.6	209.2	149.2	150.7	95.8	106.1	98.8	102.5					115.4	126.3	119.2	111.5
Milk yields — kilogrammes per cow	3 291	3 321	3 285	3 167	..	2 347 [i]	2 539 [i]	2 694					..	..	..	..
As percentage of total :																
Cattle	2.7	2.8	5.0	5.6	11.6	15.6	32.1	42.7					81.9	79.0	62.0	50.8
Pigs	6.3	6.8	8.0	8.1	11.4	15.8	30.6	40.9					76.7	72.2	57.0	47.1
Gross animal output [k]	..	4.9	6.7	7.2	..	10.3	28.2	35.0					..	84.7	65.1	57.8

D. HUNGARY

	State farms				Co-operative farms				Private plots of co-operative farmers				Individual farms			
	1952	1953	1958	1959	1952	1953	1958	1959	1952	1953	1958	1959	1952	1953	1958	1959
Average size of farm — hectares [l]	1 337	1 459	1 642	1 844	245	203	207	445	0.2	0.2	0.4	0.4	2.7	2.5	2.4	..
As percentage of total :																
Areas sown:																
All crops	10.9 [m]	13.6 [m]	13.3	12.1	12.8 [m]	20.3 [m]	10.1	26.0	..	..	..	3.1	73.6 [m]	66.1 [m]	76.6	55.1
Bread grain	7.1	9.7	9.3	9.5	13.4	22.1	10.2	25.1	..	..	..	0.4	79.5	68.2	80.5	6.32
Barley	11.7	15.2	13.1	13.1	17.2	26.5	13.6	32.8	..	..	..	1.1	71.1	58.3	73.3	49.3
Maize for grain	3.1	4.5	6.8	4.0	9.5	14.6	5.2	14.4	..	..	..	9.3	87.4	80.9	88.0	63.2
Sugar-beet	5.4	7.8	14.4	14.8	12.8	23.2	16.5	38.6	..	..	..	—	81.8	69.0	69.1	43.8
Lucerne	20.6	27.6	28.1	29.4	15.4	22.5	15.8	28.6	..	..	..	0.2	64.0	49.9	56.1	38.8
Livestock density:																
Cattle per 100 hectares [g]	22.9	30.4	28.1	28.6	18.0 [h]	22.9 [h]	25.1 [h]	23.4[h]	..	..	..	..	43.5	48.0	39.2	49.5
Pigs per 100 hectares [g]	125.2	169.8	95.5	94.7	47.4 [h]	52.3 [h]	88.4 [h]	65.8[h]	..	..	..	..	74.3	67.6	86.4	126.5
Milk yields — litres per cow	2 602	2 301	3 306	3 309	1 285	1 178	2 380	2 160	1 480	1 426	1 990	..	1 502 [n]	1 447 [n]	1 990 [n]	..
As percentage of total :																
Cattle	7.8	11.8	10.6	10.4	8.9 [h]	14.6 [h]	9.1 [h]	22.9[h]	..	..	..	..	76.9	66.2	77.1	62.7
Pigs	18.8	29.6	13.0	11.0	10.3 [h]	14.9 [h]	11.6 [h]	20.8[h]	..	..	..	..	58.0	41.9	61.8	51.5

See notes at end of table.

TABLE XVI

Farming structure and yield indicators by type of farm in five eastern European countries (*concluded*)

E. POLAND

	State farms				Co-operative farms [h]				Private farms			
	1954	1955	1958	1959	1954	1955	1958	1959	1954	1955	1958	1959
Average size of farm — hectares [a]	403 [p]	408 [p]	430 [p]	424 [p]	179	192	125	122	5.6 [o]	..	4.7 [o]	..
As percentage of total :												
Areas sown:												
All crops	..	8.8 * [p]	12.6	12.1	..	13.0 *	1.1	1.1	..	77.0 *	86.3	86.8
Cereals	..	10.7 [p] [q]	10.0	9.8	..	9.0 [q]	1.0	1.1	..	79.4 [q]	89.0	89.1
Technical crops	..	14.0 [p] [r]	17.9	18.4	..	16.8 [r]	2.2	2.1	..	67.9 [r]	79.9	79.5
Potatoes	..	5.6 [p]	7.8	6.9	..	9.8	0.9	0.9	..	83.8	91.3	92.2
Feed crops	..	..	28.9	23.9	..	..	1.4	1.4	..	..	69.7	74.7
Gross crop output	10.5	11.9	10.0	9.7	7.1	8.9	1.0	1.1	82.4	79.2	89.0	89.2
Livestock density:												
Cattle per 100 hectares [a]	24.8	26.1	29.5	31.4	30.5	31.8	35.0	35.7	42.9	44.0	44.0	44.5
Pigs per 100 hectares [a]	50.1	50.0	38.3	29.1	44.1	49.8	60.4	54.3	49.2	55.3	63.4	60.2
Horses per 100 hectares [a]	6.1	6.1	6.7	6.9	8.2	7.5	8.5	8.8	15.4	15.0	15.1	15.7
Milk yields — litres per cow	..	2 157	2 240	2 387	..	1 823	2 047	2 102	..	1 726	1 915	1 951
As percentage of total :												
Cattle	8.7	9.5	9.9	9.9	6.6	7.5	0.9	0.9	84.7	83.0	89.2	89.2
Pigs	16.0	15.7	10.9	9.1	7.5	8.6	1.0	1.1	76.5	75.7	88.1	89.8
Gross animal output	9.6	9.8	9.0	8.3	6.0	7.2	0.8	1.0	84.4	83.0	90.2	90.7

Sources : National statistics.

NOTE. — For animals: end of year figures except in Hungary (March) and Poland (June). In Hungary for areas sown in 1952, 1953 and 1959: state farms include subsidiary farms of state enterprises and individual farms include private plots and co-operative groups.

[a] Agricultural land, but for Bulgaria cultivable land.

[b] 1958.

[c] 1959.

[d] Agricultural land per household in collective farms.

[e] Collective farm members having worked the prescribed minimum of labour days in collective farming.

[f] Fruit-bearing area.

[g] Arable land.

[h] Including private plots.

[i] Excluding private plots.

[j] Sown area.

[k] In current prices.

[l] Arable land. For private plots per collective farm household.

[m] Arable land as percentage of total.

[n] Individual and other farms.

[o] For 1954 excluding farms below 0.5 hectare; for 1958 excluding farms below 0.1 hectare.

[p] Main state farms only: PGR in Poland, and only farms under the authority of the Ministry of Agriculture in Czechoslovakia.

[q] Four grains only.

[r] Sugar-beet only.

TABLE XVII

Farming structure, and yield indicators by type of farm, in the Soviet Union 1953, 1956 and 1959

	State farms and subsidiary farms of state enterprises			Collective farms			Private plots of farmers and urban workers		
	1953	1958	1959	1953	1958	1959	1953	1958	1959
Size of farms (hectares sown)	3 100[a]	8 700[a]	8 300[a]	1 407	1 881	2 316	..	..	0.30[b]
Per 100 hectares sown:									
Active in agriculture	..	..	11	..	..	24	..	..	187[c]
Tractor stock (h.p. at end of year)	19	17	18	11[d]	12[d]	13[d]	..	..	..
Supplies of fertilizer (kg. of gross standard weight)	12[e]	4[e]	..	33	65	..	..	..	..
Areas sown as percentage of all-Union total:									
Grain	8.7	31.4	32.0	89.5	67.4	66.8	1.8	1.2	1.2
Feed crops	27.5	32.1	33.3	71.4	66.9	65.8	1.1	1.0	0.9
Technical crops	3.5	11.6	12.3	95.4	87.4	86.7	1.1	1.0	1.0
Potatoes and vegetables	6.1	10.1	12.0	49.0	44.8	42.5	44.9	45.1	45.5
Fruit and berries[f]	..	..	10.3	..	..	29.0	..	..	60.7
Grapes[f]	..	..	20.3	..	..	60.2	..	..	19.5
Yields (quintals per hectare)									
Winter wheat	14.0	16.5	13.7	10.8	16.2	15.5	..	..	..
Spring wheat	8.9	9.6	9.1	6.8	9.8	9.6	..	..	..
Oats	10.0	10.1	10.2	6.0	8.6	9.0	..	..	..
Potatoes	66	56	68	49	63	65	121	120	116
Vegetables	102	93	97	50	77	72	184	145	144
Fruit and berries	..	..	29.7	..	..	16.1	..	..	26.3
Grapes	..	..	56.4	..	..	38.6	..	..	56.5
Livestock density:									
Cattle per 100 hectares of agricultural land	5	6	7	7	10	12	..	479	389
Pigs per 100 hectares of sown land	23	16	18	10	18	21	219	222	233
Percentage of all-Union total:									
Number of cattle[g]	8	13	14	50	44	45	42	43	41
Beef and veal output	11	15	16	49	40	46	40	45	38
Number of pigs[g]	14	22	21	41	45	48	45	33	31
Pork output	18	19	21	20	26	28	62	55	51
Milk yields (litres per cow)	2 577[a]	2 256[a]	2 315[a]	1 016	1 938	2 004	1 631	1 748	1 638

Sources: *Selskoe khozyaistvo SSSR,* 1960; and census data for active in agriculture published in *Vestnik statistiki,* No. 12, 1960.

[a] Only state farms.

[b] Only private plots of collective farm members. Average per household.

[c] Only private plots of collective farm members.

[d] Including stock of MTS and RTS tractors.

[e] Obtained as difference between total supplies of fertilizers and supplies to collective farms.

[f] Area of fruit-bearing plantations only.

[g] Beginning of year, except for 1953 (end of year).

TABLE XVIII

Costs and prices of selected agricultural products by regions of the Soviet Union

Roubles per quintal

	Grain				Potatoes			Beef		Pig-meat			Milk		
	Cost		Price 1958		Cost		Price 1958	Cost	Price 1958	Cost		Price [a] 1958	Cost		Price 1958
	State farms 1956-1957	Collective farms 1956			State farms 1956-1957	Collective farms 1956		State farms 1956-1957		State farms 1956-1957	Collective farms 1956		State farms 1956-1957	Collective farms 1956	
Soviet Union	38	56	74		48	26	40	649	619	965	1 201	786	122	130	115
of which :			*Soft wheat*	*Feed barley*											
RSFSR	37	49	77	62	50	28	40	676	650	1 010	1 261	800	123	133	115
of which :															
North-west	124	169	..	..	68	31	..	853	..	1 098	2 150	..	149	151	..
Central non-black earth	83	130	..	..	49	21	..	894	..	1 129	1 597	..	139	155	..
Central black earth	38	68	..	..	37	24	..	641	..	982	1 249	..	118	134	..
Volga	51	70	..	..	63	23	..	692	..	1 159	1 705	..	125	169	..
Northern Caucasus	24	45	..	..	85	56	..	541	..	737	1 189	..	112	138	..
Urals	49	44	..	..	50	30	..	692	..	1 120	1 141	..	131	113	..
Western Siberia	31	27	..	..	41	31	..	599	..	962	1 093	..	107	117	..
Eastern Siberia	36	41	..	..	38	39	..	667	..	1 035	1 561	..	127	129	..
Ukraine	27	61	67	52	52	21	40	591	565	764	937	750	103	114	110
Byelorussia	84	108	85	75	26	24	40	638	680	1 093	1 309	900	131	163	130
Moldavia			67	52					585			750			
Kazakhstan	44	28	71	53	98	87	50	548	555	1 014	1 285	800	141	124	110
Baltic Republics	113-119	98-147	85	75	36-53	24-36	40	673-781	680	993-1 172	1 045-1 970	900	113-126	111-120	130
Central Asian Republics	37-67	46-110	76-80	55-60	61-200	90-183		659-865	550	868-990	1 153-1 525	800	96-168	108-137	110
Transcaucasian Republics	28-160	79-103	..	..	102-128	62-146		740-1 240	585	939-1 275	1 309-2 546 [b]	800	115-138	117-185	110

Sources : Costs in state farms 1956-1957, from I. A. Benediktov, *Rezervy udechevlenya proizvodstva produktsii v sovkhozakh*, Moscow 1958. Costs in collective farms 1956, from A. Silin, *Vestnik statistiki*, No. 3, 1958, pp. 17 and 19; and prices from I. G. Melnikov, *Novaya sistema zagotovok selskokhozyaistvennych produktov*, Moscow 1958.

NOTE. — Costs for collective farms have probably been calculated by evaluating labour input at the rates prevailing for seasonal workers in state farms.

[a] Prices for meat pigs, which represent the highest share of pigs delivered to the State. For lard pigs the Soviet average price is 826 and for bacon pigs 1,081 roubles per quintal. Price differentials for lard and bacon pigs are of similar orders of magnitude for each republic.

[b] Excluding Azerbaidzan.

TABLE XIX

Trade of the Soviet Union in selected agricultural products, by main trading areas

Thousands of tons

Product	Year	Area of destination or origin				Total	Exports as percentage of output; Imports as percentage of apparent consumption
		Eastern Europe	Other centrally planned economies	Western Europe	Other countries and unspecified		
Exports							
Grains	1955-1956	2 287	39	1 043	80	3 449	4.0 [a]
	1957	5 857	41	1 150	366	7 414	4.7 [a]
	1958	3 668	—	1 109	323	5 100	5.0 [a]
	1959	4 825	40	1 712	432	7 009	5.2 [a]
Cotton	1955-1956	253	—	63	7	323	22.8
	1957	266	5	48	—	319	22.3
	1958	269	6	34	2	311	21.3
	1959	268	1	70	6	345	23.5
Meat and meat products	1955-1956	21	—	—	—	21	0.3
	1957	76	—	—	—	76	1.0
	1958	35	—	—	—	35	0.5
	1959	175	—	—	4 [b]	179	2.0
Imports							
Cotton	1955-1956	1	—	—	35	36	3.2
	1957	1	—	—	108	109	8.9
	1958	—	—	2	140	142	11.0
	1959	—	71	2	117	190	14.5
Wool	1955-1956	—	27	—	21	48	25.4
	1957	—	24	—	33	57	26.4
	1958	—	21	—	34	55	23.8
	1959	—	22	—	36	58	22.8
Meat and meat products	1955-1956	41	137	10	35 [b]	223	3.3
	1957	12	63	23	19 [b]	117	1.6
	1958	10	130	8	9 [b]	157	2.0
	1959	4	87	2	10 [b]	113	1.3
Oil-seeds	1955-1956	—	775	—	6	781	15.7
	1957	—	714	—	2	716	18.4
	1958	—	542	—	10	552	9.8
	1959	—	708	—	7	715	17.7
Sugar [c]	1955-1956	236	—	—	399	635	14.7
	1957	110	—	60	475	645	13.0
	1958	177	—	—	202	379	6.8
	1959	186	—	—	133	319	5.2
Fruits	1955-1956	15	80	24	26	145	4.0
	1957	22	126	38	32	218	4.2
	1958	78	179	63	15	335	6.1
	1959	78	160	47	16	301	5.5
Vegetables	1955-1956	25	5	3	28 [d]	61	0.4
	1957	43	14	1	56 [d]	114	0.8
	1958	59	35	—	43 [d]	137	0.9
	1959	128	26	—	49 [d]	203	1.4

Sources : National statistics.

[a] Agricultural years.

[b] Including some quantities of canned meat of unknown destination or source.

[c] For imports, raw and refined added ton per ton.

[d] Unspecified.

TABLE XX

Trade of five eastern European countries in selected agricultural products by main trading areas

Thousands of tons

Product	Years	Area of destination or origin: Eastern Europe	Soviet Union	Other centrally planned economies	Western Europe	Other countries and unspecified	Total	Exports as percentage of output; imports as percentage of apparent consumption
		BULGARIA						
Exports								
Grain	1955-1956	51	—	—	..	..	101	3
	1957	16	—	—	51	31	98	2
	1958	11	—	—	30	1	42	1
	1959	12	—	—	5	—	17	—
Meat	1955-1956	7	11	—	1	—	19	10 *
	1957	11	—	—	1	—	12	6 *
	1958	14	3	—	..	..	21	8 *
	1959	15	—	—	..	..	21	8 *
Eggs (millions) .	1955-1956	66	102	—	88	12	268	32
	1957	46	70	—	112	4	232	27
	1958	25	67	—	186	2	280	31
	1959	30	50	—	116	8	204	21
Fresh vegetables (including tomatoes) . .	1955-1956	44	2	—	..	..	61	..
	1957	45	13	—	..	..	76	..
	1958	61	33	—	..	..	118	..
	1959	89	90	—	..	..	209	..
Sugar	1955-1956	—	—	—	—	—	—	—
	1957	—	1	—	—	—	1	1
	1958	4	—	—	11	6	21	14
	1959	5	—	—	5	4	14	11
Oriental tobacco . . .	1955-1956	6	22	—	..	..	35	59
	1957	7	26	—	..	..	42	56
	1958	12	17	—	..	..	39	51
	1959	15	37	—	..	..	60	65
Imports								
Grain	1955-1956	11	13	—	—	—	24	1
	1957	..	173	..	..	10	183	4
	1958	—	—	32	3	—	35	1
	1959	..	140	30	30	25	225	5
		CZECHOSLOVAKIA						
Exports								
Malt	1953-1956	..	..	..	..	..	123	50
	1957	31	14	..	40	58	143	50
	1958	21	19	..	42	61	143	47
	1959	23	26	..	39	58	146	48
Refined sugar	1953-1956	6	90	10	80	44	230	35
	1957	3	115	—	2	88	208	26
	1958	4	121	2	6	236	369	43
	1959	4	115	—	25	217	361	50

Product	Years	Area of destination or origin: Eastern Europe	Soviet Union	Other centrally planned economies	Western Europe	Other countries and unspecified	Total	Exports as percentage of output; imports as percentage of apparent consumption
		EASTERN GERMANY *(continued)*						
Imports *(contd.)*								
Fruits (fresh) .	1954-1956	..	..	..	..	..	81	..
	1957	..	..	..	..	..	49	..
	1958	..	..	..	..	..	50	..
	1959	..	..	..	..	..	101	..
Meat	1953-1956	37	22	15	11	—	85	..
	1957	18	64	14	18	—	114	..
	1958	..	..	..	..	..	63	..
	1959	..	..	..	..	..	193	..
Eggs (millions) .	1953-1956	73	—	95	17	—	185	9
	1957	26	142	100	26	—	294	11
	1958	..	..	..	..	..	101	3
	1959	..	..	..	..	..	117	4
		HUNGARY						
Exports								
Pigs (1,000 head)	1953-1956	35	56	—	94	—	185	12 [b]
	1957	54	—	—	45	—	99	6 [b]
	1958	37	57	—	47	—	141	7 [b]
	1959	21	54	—	60	—	135	6 [b]
Meat and meat products. . .	1953-1956	20	7	—	9	—	36	15 [c]
	1957	11	4	—	17	—	32	7 [c]
	1958	15	4	—	17	—	36	8 [c]
	1959	21	3	—	23	—	47	11 [c]
Grain [d]	1953-1956	171	16	..	..	..	351	6
	1957	10	6	—	8	—	24	—
	1958	45	11	3	54	—	113	2
	1959	76	12	—	31	—	119	2
Apples	1953-1956	14	—	—	3	—	17	12 *
	1957	24	2	—	23	—	49	31
	1958	19	6	—	2	—	27	13
	1959	41	10	—	13	—	64	23
Wine (1,000 hl.)	1953-1956	..	..	..	..	..	219	20 [b]
	1957	111	37	—	85	1	234	18 [b]
	1958	212	55	—	88	1	356	16 [b]
	1959	203	59	—	267	2	531	32 [b]
Sunflower-seed oil	1953-1956	4	1	..	..	..	18	40
	1957	5	—	—	11	—	16	41
	1958	6	—	—	10	—	16	61
	1959	5	—	—	15	—	20	63

Grain	1953-1956[a]	45	24	—	126	24	219	4
	1957	25	—	—	61	42	128	2
	1958	3	—	—	23	49	75	2
	1959	3	—	—	25	76	104	2
Imports								
Meat	1953-1956	13	10	2	17	5	47	6 *
	1957	19	7	8	1	11	46	5 *
	1958	25	7	27	—	6	65	7 *
	1959	15	30	32	3	22	102	10 *
Crain	1953-1956	175	898	4	53	155	1 285	21
	1957	3	1 610	8	—	40	1 661	25
	1958	44	1 134	29	—	109	1 316	22
	1959	47	1 765	65	1	45	1 923	26
Oil-seeds (in oil equivalent) .	1953-1956	6	8	38	7	2	61	..
	1957	1	8	4	8	55	76	..
	1958	1	8	19	8	30	66	..
	1959	1	13	13	1	35	63	..
Wine (1,000 hl.) . .	1953-1956	..	..	..	..	..	..	..
	1957	140	2	—	68	125	335	42
	1958	246	15	—	28	92	381	40
	1959	256	49	—	25	37	367	34
Edible vegetable oils	1953-1956	6	3	10	5	—	24	..
	1957	1	5	14	3	9	32	..
	1958	2	6	19	2	4	33	..
	1959	4	13	21	2	1	41	..
				EASTERN GERMANY				
Exports								
Sugar	1953-1956	12	33	1	94	18	158	24
	1957	—	—	—	41	9	50	8
	1958	..	..	..	..	..	168	21
	1959	..	..	..	..	..	329	45
Imports								
Grain	1953-1956	126	1 136	10	41	8	1 321	22 [a]
	1957	52	1 835	12	134	—	2 033	26 [a]
	1958	..	..	..	..	..	1 860	23 [a]
	1959	..	..	..	..	..	1 837	24 [a]
Oil-seeds . . .	1953-1956	2	18	198	2	3	223	..
	1957	—	33	202	67	18	320	..
	1958	..	..	..	..	..	314	..
	1959	..	..	..	..	..	268	..
Edible vegetable oils	1953-1956	1	34	16	13	—	64	31 [a]
	1957	1	35	8	25	2	71	29 [a]
	1958	..	..	..	..	..	85	31 [a]
	1959	..	..	..	..	..	87	32 [a]
Vegetables (fresh) . . .	1954-1956	..	..	..	..	..	51	..
	1957	..	..	..	..	..	58	..
	1958	..	..	..	..	..	76	..
	1959	..	..	..	..	..	94	..

Sugar	1953-1956	14	14	..	..	..	70	28
	1957	—	—	3	7	—	10	3
	1958	—	—	—	23	5	28	10
	1959	—	—	—	63	—	63	20
Eggs (millions) .	1953-1956	33	—	..	..	..	124	11
	1957	11	—	—	91	—	102	6
	1958	15	1	—	132	—	148	9
	1959	22	1	—	140	—	163	9
Imports								
Grain [d]	1953-1956	51	30	..	..	..	418	7
	1957	—	436	3	203	25	667	9
	1958	—	148	3	25	16	192	3
	1959	5	225	54	48	3	335	4
				POLAND				
Exports								
Meat and meat products. . .	1953-1956	9	6	—	58	11	[illegible]	7
	1957	1	2	—	71	14	88	6
	1958	1	—	—	75	14	90	6
	1959	3	—	—	81	15	99	7
Sugar	1953-1956	12	168	..	..	..	342	35
	1957	—	—	17	71	10	98	9
	1958	15	50	—	141	16	222	20
	1959	6	70	—	167	39	282	31
Butter	1953-1956	1	2	—	2	—	5	8 [e]
	1957	—	—	—	1	—	1	1 [e]
	1958	—	6	—	17	1	24	27 [e]
	1959	—	2	—	19	1	23	25 [e]
Eggs (millions) .	1953-1956	45	—	—	299	6	350	8
	1957	10	—	—	332	18	360	8
	1958	—	—	—	371	25	396	9
	1959	—	—	—	708	30	738	14
Imports								
Grain	1953-1956	77	297	8	251	247	880	7
	1957	—	1 209	—	33	682	1 924	12
	1958	—	326	—	—	723	1 049	7
	1959	15	865	42	—	755	1 677	11
Oil-seeds (in oil equivalent). .	1953-1956	—	—	20*	1*	1*	22*	..
	1957	—	—	24*	3*	17*	44*	..
	1958	—	—	7	6	5	18	..
	1959	1	—	15	6	3	25	..
Edible vegetable oils	1953-1956	3	15	—	2	—	20	..
	1957	—	—	2	7	2	11	..
	1958	1	—	3	2	14	20	..
	1959	1	—	8	6	32	47	..

Sources : Statistical yearbooks; *Mezögazdasági statisztikai zsebkönyv*, 1959 and 1960, *A mezögazdaság eredményei 1959-ben*, and direct communications from Governments.

[a] Imports as percentage of output plus imports.

[b] As percentage of state purchases.

[c] Exports of industrial meat.

[d] Including flour.

[e] As percentage of industrial output.

Table XXI

Credit arrangements of eastern European countries and the Soviet Union with overseas non-industrial countries from 1956 to 1960

Countries	Date	Amount *Millions of roubles*	Stated purpose	Period of utilization *Years*	Period of repayment *Years*	Annual rate of interest *Percentage*
A. Credits to Asian and Middle-Eastern Countries						
I. Credits to Afghanistan						
from : 1. Soviet Union	1956-1959	480	Road building and industrial development (three credits)	. .	30	2
II. Credits to Ceylon						
from : 1. Soviet Union	1958	120	Irrigation works and industrial development	. .	12	. .
III. Credits to India						
from : 1. Poland	May 1960	120	Purchase of equipment	1962-1965	. .	. .
2. Soviet Union	Sept. 1956	460	Purchase of equipment for, and technical services at, the construction of steel plants	. .	12	2.5
	Nov. 1957	500	Construction of mines and coal-processing plants, a thermal power station, heavy machinery works, a plant for the manufacture of optical glass	. .	12	2.5
	1959	1 500	Construction of industrial plants and the purchase of agricultural equipment	. .	12	2.5
IV. Credits to Indonesia						
from : 1. Czechoslovakia	May 1960	100	Electric power development	. .	5	4
2. Eastern Germany	1959	34	Purchase of complete equipment for a sugar factory	. .	8	2.5
3. Poland	Feb. 1959	20	Construction of shipyard	. .	. .	. .
	1959	160	Purchase of ships	. .	13	7
4. Soviet Union	Sept. 1956	400	Construction of metallurgical and chemical plants; road construction; purchase of boats	. .	12	. .
	Feb. 1957	27	Purchase of motor-cars	. .	. .	. .
	May 1959	400	Economic development	8	. .	2.5
	Feb. 1960	1 000	Construction of industrial plants; geological surveying; vocational training	. .	. .	. .
V. Credits to Iraq						
from : 1. Czechoslovakia	Oct. 1960	170		. .	. .	. .
2. Soviet Union	March 1959	550	Construction of engineering, chemicals and food-processing plants; irrigation works	. .	. .	. .
	May 1960	180	Supplementary credit for the above scheme			
VI. Credits to Nepal [a]						
from : 1. Soviet Union	April 1959	30	Construction of industrial plants and health establishments	. .	. .	. .
VII. Credits to United Arab Republic (Syrian region)						
from : 1. Soviet Union	Sept. 1957	Not known	Economic development	. .	. .	2.5
B. Credits to African Countries						
I. Credits to Ethiopia						
from : 1. Soviet Union	July 1959	400	Construction of industrial plants and technical assistance			
II. Credits to Guinea						
from : 1. Soviet Union	1959	140	. .	. .	12	2.5
III. Credits to Tunisia						
from : 1. Poland	Nov. 1960	40	. .	. .	. .	. .
IV. Credits to United Arab Republic (Egyptian region)						
from : 1. Czechoslovakia	1957	224	. .	. .	. .	. .
2. Soviet Union	Jan. 1958	700	Construction of 50 oil-processing, metallurgical, engineering and chemicals plants, cotton mills and food factories, etc.	1958-1960	1962-1974	2.5
	Dec. 1958	400	Construction of Aswan High Dam	. .	. .	. .
C. Credits to Latin American Countries						
I. Credits to Argentina						
from : 1. Soviet Union	Oct. 1958	400	Construction of oil-processing plant	. .	10	2.5
	May 1960	400	. .	. .	. .	. .
II. Credits to Cuba						
from : 1. Czechoslovakia	Oct. 1960	80	. .	. .	. .	. .
2. Hungary	Sept. 1960	32	Purchase of complete sets of factory equipment, machinery and food products	. .	10	2.5
3. Soviet Union	April 1960	400	Purchase of equipment and machinery	. .	. .	. .

Source : See Appendix B.

[a] Unrequited.

Appendix B

NOTES ON SOURCES AND METHODS

(For page references to the notes on particular tables, see the Table of Contents, pp. vi-xi)

GENERAL

As in previous years, the statistics given should be regarded in the first place as basic documentation for the economic analysis made in the SURVEY. They are therefore somewhat different in nature from statistics normally published in statistical yearbooks and other publications of a purely statistical nature. First, when no official figures are available, it is often preferable to have an estimate rather than no figure at all. Consequently, estimated figures which have a wider margin of error than is usually allowed in statistical publications are sometimes shown in the various tables. In the second place, the available national statistics have, for the sake of comparability as between countries, often been adjusted to more uniform definitions. For this reason, the figures shown differ in many instances from those given in national publications, or in other publications of the United Nations and its specialized agencies. Finally, the methods of compilation have been chosen with a view to the special use for which the data are intended. This does not necessarily mean that for other purposes other methods might not have been preferable.

Where a table gives totals for a number of countries, these totals always refer to the same group of countries for each period shown. In cases where figures for a given country are not available for one or more periods, estimates of these missing figures are included in the totals. Except where otherwise stated, area totals include estimates for those countries for which no data are available, or assume that the series for the missing country moved in proportion to the average for the other countries.

Slight discrepancies between constituent items and the totals shown in the tables are due to rounding.

In most cases, the tables include information received up to the end of February, 1961. In general, the more recent figures are to be regarded as provisional, and subject to revision.

Methods of Reference to Sources

Wherever the sources for a table have been few and the methods used self-evident, the necessary references have been given under the table. All sources referred to in this appendix are listed systematically at the end of the SURVEY and are given a number, by which they are referred to in the succeeding notes.

Information on sources is given in the following order: first the department, institution, or other authority responsible for the publication (or in the case of books, the author); [1] where the site of the issuing authority is not the capital city, the place of issue is indicated, this being followed by the title of the publication; the place of publication is then given, if different from the place of issue, and is followed by the mention of the publishing house (where different from the issuing authority) and (for non-periodical literature) the date of publication. Finally, for periodicals an indication is given of the frequency of publication. Such details are omitted when they are already apparent from the wording of the title (e.g. *Monthly Digest of Statistics* for periodicity, and *Monthly Report of the Deutsche Bundesbank* for both periodicity and issuing authority). The publisher is not normally mentioned for official publications. In addition to the foregoing exceptions, there are a few cases where full bibliographical detail is not known. If no particular issue of a periodical is indicated, it is to be understood that various issues of it were used as a source for the statistics.

The sources quoted in this appendix were, in many cases, supplemented by the *ECE Statistical Indicators of Short Term Economic Changes in ECE Countries* (monthly).

For national trade statistics the following national sources were used:

Albania **1.2**; Austria **2.1**; Belgium **3.1**; Bulgaria **4.3, 4.4, 4.5, 4.6**; Czechoslovakia **5.2, 5.3**; Denmark **6.1, 6.2**; Finland **7.1, 7.2**; France **8.1, 8.2**; eastern Germany **9.2, 9.3, 9.4**; western Germany **10.1, 10.2**; Greece **11.1, 11.2**; Hungary **12.2, 12.3, 12.6**; Iceland **13.1, 13.2**; Ireland **14.1, 14.2**; Italy **15.2, 15.3**; Netherlands **17.1, 17.2**; Norway **18.1, 18.2**; Poland **19.2, 19.3, 19.5**; Portugal **20.1, 20.2**; Rumania **21.3**; Spain **22.1, 22.2, 22.3**; Sweden **23.1, 23.2**; Switzerland **24.1, 24.2**; Turkey **25.1, 25.2**; Soviet Union **26.3, 26.4**; United Kingdom **27.3, 27.4, 27.5, 27.6**; Yugoslavia **28.1, 28.2, 28.3, 28.4, 28.5**; United States **29.1**.

In the sources to certain tables relating to eastern Europe and the Soviet Union, reference is made to plans, plan fulfilment reports, statistical yearbooks and bulletins. The sources in which such information can be found are set out in the table below (reference is to the list of sources on pp. 15-20 of Appendix B).

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[1] For newspapers and ordinary commercial periodicals, this information is not given.

Country	Plan			Plan fulfilment report		Statistical yearbook	Statistical bulletin
	1960	1961	1965	1959	1960		
Albania	**1.1** (24.XII.59)	. .	**1.3** (4 and 5.59)	**1.1** (31.I.60)	. .	**1.2**	. .
Bulgaria	**4.1** (26.XII.59)	**4.1** (21.XII.60)	**4.1** (20.I.59)	**4.1** (26.I.60)	**4.1** (28.I.61)	**4.3, 4.4**	**4.5**
Czechoslovakia	**5.1** (24.XII.59)	**5.1** (23.XII.60)	**5.1** (9.VII.60)	**5.1** (9.II.60)	**5.1** (8.II.61)	**5.2**	**5.3**
Eastern Germany	. .	. .	**9.5**	**9.1** (7.II.60)	**9.1** (3.II.61)	**9.2**	**9.3, 9,4**
Hungary	**12.1** (19.XII.59)	**12.1** (1.I.61)	**12.4** (X.59)	**12.1** (17.I.60)	**12.1** [a] (29.I.61)	**12.2, 12.6**	**12.3**
Poland	**19.4** (31.XII.59)	**19.4** (31.XII.60)	**19.7** (IV.59, VII.60) **19.1** (11.II.61)	**19.3** (II.60)	**19.1** (9.II.61)	**19.2**	**19.3**
Rumania	**21.1** (6.XII.59)	**21.1** (1.XI.60)	**21.1** (19.V.60, 21.VI.60)	**21.1** (29.I.60)	**21.1** (8.II.61)	**21.3**	**21.4**
Soviet Union	**26.1** (28.X.59)	**26.2** (21.XII.60)	**26.2** (8.II.59)	**26.1** (22.I.60)	**26.2** (26.I.61)	**26.5**	. .

[a] Covers three years.

CHAPTER I. CURRENT DEVELOPMENTS IN WESTERN EUROPE

Changes in the employment pattern 1958-1960 (Table 4)

Figures for the employed labour force are averages for the years shown, except for the United Kingdom, where they are for the month of June. Data for 1960 have been estimated from available information. Further detail on the nature of the series and on the sources used is given below (A=labour force; B=change in employment):

Austria : A. *1958-1959 :* **36.A**; *1960 :* estimated from figures for employees. B. **2.2.** Employment in enterprises with six or more employees, excluding water, gas and electricity, sawmills and the printing industry.

Belgium : A. **3.3**, 1959 (p. 425). B. *1958-1959 :* Mines, metals, building materials, food and total industry 3.3, 1959 (p. 425); other sectors **3.4**, July-August 1959 and 1960 (social security data for June, adjusted by monthly statistics in 3.2); *1959-1960 :* estimates based on occupied employees in **3.2.**

Denmark : B. **6.4** (monthly figures of wage earners in industry).

France : A. Total and agriculture (farmers and employees): **8.4**, January-March 1960 (estimated active population by socio-economic groups); other sectors: **29.7.** B. **8.3** (index numbers of employment in establishments with ten or more workers).

Western Germany : A. *1958 and 1959 :* **10.7**, December 1960 (p. 415); *1960 :* estimated from monthly data for employees. B. **10.3** (i) for individual industries (employees in enterprises with ten or more workers) and **10.7** for total industry.

Netherlands : A. **17.3**, **36.A** and **17.8**, December 1960. B. **17.4** (establishments with ten or more employees).

Norway : A. **18.10**, January and October 1960. B. **18.6.**

Sweden : A. **23.7** and **23.8.** Absolute figures for *1958* have been estimated on the basis of 1955 data from the first source and on year-to-year changes from the second. Changes for *1958-1960* are from the November 1960 issue of the second source. B. **23.9** (wage earners only).

United Kingdom : A. **27.2** (labour force of June of each year, excluding Northern Ireland). B. **27.7**. The figures (which exclude Northern Ireland) refer to wage and salary earners employed in June. For the wood and paper industries, however, monthly averages have been used, in view of the irregular fluctuations in employment.

New registrations of imported cars in the United States by country of origin and by type (Table 8)

Year 1959 and January-June 1960 : **27.27** (November 1960).

July-December 1960 : Secretariat estimates based on information published in various newspapers, in particular **27.24**.

" *Economy* ", *sports and luxury cars :* This classification is a somewhat arbitrary one, based on approximate data. The group has been built up on the basis of available information, and as indicated below, this information has not always been as complete as would have been desired.

France : Data relate to Renault cars only. Renault cars registered in the United States consist almost entirely of the 4CV and Dauphine (economy) models as well as the Floride (sports) model. In fact, the majority of French cars of the economy, sports and luxury class registered in the United States are Renaults.

Western Germany : Data relate to Volkswagen and Mercedes-Benz cars only. These two makes between them constitute the bulk of western German exports to the United States which fall into this category.

United Kingdom : Data relate to a wide range of cars, including makes such as Austin-Healey, Jaguar, M.G., Rolls-Royce, Sunbeam, etc., as well as the economy cars made by the British Motor Corporation. The Triumph TR3 sports car is excluded because of the absence of data.

Estimated capacity of the western European motor-car industry (Text table on p. 21)

Production in 1959 : See Table 7. For Sweden, **15.8**.

Capacity in 1962-1963 and 1965-1970 : Secretariat estimates based on information published in various newspapers, but mainly **27.24** and **27.28**.

Balancing of changes in total demand and supply (Table 10)

Sources : See Table 1.

Methods : The table is based on the following accounting identity:

$$\overset{\text{(Column 1)}}{\left[\mathrm{GDE}^{n}_{n}-\mathrm{GDE}^{n-1}_{n-1}\right]}+\overset{\text{(Column 2)}}{\left[\mathrm{Exp}^{n}_{n}-\mathrm{Exp}^{n-1}_{n-1}\right]}$$

$$\equiv\overset{\text{(Column 4)}}{\left[\mathrm{GNP}^{n}_{n-1}-\mathrm{GNP}^{n-1}_{n-1}\right]}+\overset{\text{(Column 5)}}{\left[\mathrm{Imp}^{n}_{n}-\mathrm{Imp}^{n-1}_{n-1}\right]}$$

$$+\overset{\text{(Column 8)}}{\left[\mathrm{GNP}^{n}_{n}-\mathrm{GNP}^{n}_{n-1}\right]}$$

GNP^{n}_{n-1} meaning gross national product of year n expressed in prices of the year n−1, and so on. Each term of the above identity has been expressed as a percentage of GNP^{n-1}_{n-1}, and the ratios for the periods shown in the table have been obtained by averaging the ratios for individual years.

In order to express GNP in prices of year n−1, GNP of year n has been deflated by a " price index " derived from GNP at current and constant prices.

Production, output per man-hour and wage costs in industry (Chart 6)

Unless otherwise indicated below, *output per man-hour* (or per worker) has been obtained by dividing the indexes of industrial production by indexes of man-hours worked (or employment). *Wage costs* have been derived by dividing the indexes of output per man-hour by the indexes of hourly earnings (or wage rates). As the series used for these computations are based on inquiries which may differ in scope, timing, etc. the data for output per man-hour and wage costs must be considered as only approximate.

Austria : **2.2.** Industrial earnings relate to weekly earnings in manufacturing and building in Vienna. Output per worker given in source.

Denmark : **6.4, 6.7.** Industrial earnings include building, transport and some services.

Finland : **7.3**, except for output per man-hour (from **7.4**).

France : **8.3.** Industrial wages relate to manufacturing only and are typical, rather than average, rates.

Western Germany : **10.3** (i), **10.3** (ii). Industrial earnings relate to manufacturing including building. Output per man-hour given in second source.

Italy : **15.1, 15.4.** Hourly earnings exclude annual bonuses and paid holidays.

Netherlands : **17.4, 17.9.** The index of hourly earnings for 1959 and 1960 has been obtained by extrapolation on the basis of wage rates. Output per worker given in source.

Norway : **18.3.** Hourly earnings relate to male workers only.

Sweden : **23.3, 23.4.**

United Kingdom : **27.2, 27.7.**

The balance of payments of western Germany (Chart 7)

Data represented in chart

Millions of marks

	" Commercial balance " (1)	*Less* private long-term capital exports (2)	*Less* government loans and grants (3)	*Plus* receipts for services to foreign military agencies (4)
1950 . .	−2 707	−2 677	−163	48
1951 . .	398	442	1 821	2 188
1952 . .	1 485	1 518	1 344	2 194
1953 . .	2 985	2 966	2 302	3 442
1954 . .	2 954	2 707	1 847	2 869
1955 . .	1 656	1 529	433	1 659
1956 . .	3 765	3 845	2 104	3 861
1957 . .	4 853	4 905	2 480	5 140
1958 . .	4 003	3 341	479	4 356
1959 [a] .	3 056	1 531	−3 339	782
1960 [b] . .	3 362	2 106	−1 342	2 890

[a] Government loans and grants include the contributions to the IMF and IBRD of 533 million marks.

[b] Private donations are included in government loans and grants. Annual rate based on data for first half of the year.

Source : **10.8** (June and November 1960).

Methods :

Col. (1) : Balance on goods and services, excluding services to foreign military agencies.

Col. (2) : Col. (1) *less* private long-term capital exports including private donations.

Col. (3) : Col. (2) *less* official donations and official long-term capital exports.

Col. (4) : Col. (3) *plus* receipts for services to military agencies.

The balance of payments of the United States (Chart 8)

Data represented in chart

Millions of dollars

	" Commercial balance " (1)	*Less* private long-term capital exports (2)	*Less* government loans and grants (3)	*Less* military expenditures (4)
1945 . .	8 475	7 890	231	−2 203
1946 . .	8 237	7 580	2 307	1 814
1947 . .	11 984	10 465	4 403	3 948
1948 . .	7 239	5 747	895	96
1949 . .	6 770	5 574	−184	−805
1950 . .	2 379	1 361	−2 358	−2 934
1951 . .	4 991	3 699	437	−833
1952 . .	4 302	2 815	307	−1 650
1953 . .	2 780	1 452	−744	−3 087
1954 . .	4 285	2 950	1 267	−1 157
1955 . .	4 685	3 524	1 172	−1 447
1956 . .	6 673	4 005	1 508	−1 289
1957 . .	8 603	5 584	2 851	58
1958 . .	5 388	2 884	115	−3 001
1959 . .	2 697	294	−1 853	−4 696
1960 [a] . .	5 526	3 234	−108	−2 790

[a] Annual rate based on data for first half of the year.

Sources : **29.5**; **29.6** (June and September 1960).

Methods :

Col. (1) : Item 23 *plus* item 19 *less* item 9, as given in source.

Col. (2) : Col. (1) *less* items 26, 32-34, as given in source.

Col. (3) : Col. (2) *less* items 28-29, 37 (net of IMF subscriptions 1947: $2 750 million, 1959: $1 375 million), as given in source.

Col. (4) : Col. (3) *less* item 19 *plus* item 9, as given in source.

The balance of payments of the United Kingdom (Chart 9)

Data represented in chart

Millions of pounds sterling

	" Commercial balance " (1)	*Less* private long-term capital exports (2)	*Less* government loans and grants (3)	*Less* military expenditures (net) (4)
1946 . .	+109	−16	−377	−751
1947 . .	−310	−573	+176	−33
1948 . .	+116	−31	+233	+120
1949 . .	+178	−30	+90	−20
1950 . .	+434	+350	+454	+354
1951 . .	−262	−529	−576	−682
1952 . .	+389	+306	+268	+173
1953 . .	+299	+155	+79	+13
1954 . .	+328	+118	+49	0
1955 . .	+21	−109	−215	−256
1956 . .	+298	+108	+10	−49
1957 . .	+312	+62	+79	+46
1958 . .	+491	+281	+181	+86
1959 . .	+286	+86	−84	−179
1960 [a] . .	+262	+62	−68	−202

[a] Annual rate based on data for first half of year.

Source : **27.28.**

Methods :

Col. (1) : Table I, A of source, " Current balance " *plus* " Net military expenditure " [b] and " Grants included in current government expenditure ".[c]

Col. (2) : Col. (1) *less* Table I, B.11 of source, " Other long-term capital (net) "; this item includes transactions in long-term securities for which no separate data are available.

Col. (3) : Col. (2) *less* Table I of source, items B, 8 and 10, *less* " Grants included in current government expenditure ".[c]

Col. (4) : Col. (3) *less* " Net military expenditure " [b] as given in source.

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[b] " *Net military expenditure* ": " Military expenditure " (Table B) *less* " Other special receipts on current account " (Table D).

[c] " *Grants included in current government expenditure* " : " Colonial grants " and " Relief and other grants " (Table B).

Interest differentials and short-term capital movements (Chart 10)

Sources : **29.6** and **36.10** (January 1961).

Net United States inflow/outflow of short-term capital : sum of items 35, 36, 42, 43, 45 and 48 in **29.6** (US Balance of Payments by Areas).

CHAPTER II. ECONOMIC DEVELOPMENT IN EASTERN EUROPE AND THE SOVIET UNION IN 1960

Population projections for the Soviet Union (Tables 20 and 22, and Appendix table XIV)

The base population is that of January 1959 broken down by age and sex from **26.5**, 1959 (table on page 12). For some age-groups (0-9, 10-19 and 60-69) this breakdown provides for ten-year rather than for five-year intervals. Estimates of numbers in the age-groups 0-4 and 5-9 were obtained by calculating the survivors of births in the years 1949-1958. To split the interval 10-19 it was only necessary to calculate the survivors of births in 1943, since the table on p. 11 of the above source gives the population (both sexes) aged 10-15 and 16-19. The estimates of births and infant mortality in 1943 were based on data from an article by A. Sauvy in **8.7** (July-September 1956) adjusted in accordance with the results of the 1959 census. These calculations yielded the figure of 2 238 thousand persons aged 15 in 1959, which is subject to a margin of error of, broadly speaking, ±10 per cent. On the assumption that the sex ratios for the age-groups 10-14 and 15-19 are the same as for the 10-19 age-group, the following estimates were obtained for the 1959 population:

	Males	*Females*
10-14	7 521	7 370
15-19	8 545	8 372
10-19 (official data)	16 066	15 742

The 60-69 age-group was broken into 5-year intervals by applying the proportions of the 1939 census.

Mortality : For ages up to 60 it was assumed that the age-specific death rates of 1958, given in **26.5**, 1959 (page 46), which resembled those of the Netherlands in 1937, will progressively decline over the years 1959 to 1974, proportionately to the decline experienced by the population of the Netherlands between the years 1937 and 1957-1959. The specific death-rates above the age of 60 have been assumed to remain constant, in view of the well-known phenomenon of stabilization (or even increase) in the mortality at higher ages after a low general level of mortality has been reached.

Fertility : No age-specific fertility rates being available, it has been assumed that the 1959 ratio of all births to all women aged 15-49 (the so-called general fertility rate) will remain constant over the years 1959 to 1974.

Industrial output in eastern Europe and the Soviet Union (Tables 1, 2 and 4)

Data for *eastern Germany* are at current prices, while for the other countries they are as follows:

Bulgaria : at prices of 1 April 1956, except for the 1961 Plan data which are at prices of 1 January 1960;

Czechoslovakia : at prices of 1 July 1954, except for the 1961 Plan data, which are at prices of 1 January 1958;

Hungary : at prices set after the reform of 1959; except for 1958 data, which are at prices of 1954 excluding turnover tax ;

Poland : at 1956 prices, except for the 1961 Plan data which are at 1960 prices;

Rumania and the Soviet Union : at 1955 prices.

CHAPTER III. SOME PROBLEMS OF AGRICULTURAL DEVELOPMENT: WESTERN EUROPE

Section 1. Productivity and incomes

Indicators of capital inputs in agriculture, 1957-1959 (Table 7)

Sources :

General: **27.21** and **31.3**

Methods :

Except where otherwise specified, data on capital stock published in **27.21**, pp. 8 and 9, were extrapolated back to 1950 with " net " investment figures at constant prices (i.e. prices of the year to which the capital stock refers) derived from **31.3**. The data thus obtained for 1950 were then extrapolated to 1959: (*a*) with " net " investment figures, and (*b*) with " gross " investment figures, at constant prices. For " net " investment, depreciation data at current prices given in **31.3** were deflated by the implied price index derived from the comparison of gross investment figures at constant and current prices, from the same source.

For Belgium, France and the Netherlands, the sources indicated above did not distribute depreciation between machinery and structures. For these countries, therefore, depreciation was allocated in the ratio of 2: 3 for machinery and 1: 3 for structures.

Austria : data on capital stock for 1958 were obtained from **2.3**.

Belgium : the stock of structures was assumed by analogy to be twice the stock of machinery.

Western Germany : livestock in 1958 was estimated on the basis of the quantities and average values of the different components of livestock derived from **10.4**. Land value was estimated as follows: on the basis of **10.4**, pp. 39 and 40, the value of structures and machinery was indicated to be approximately half the value of the total capital stock in agriculture, i.e. about the same as the value of inventories and land. Therefore, by deducting the value of inventories, it was possible to obtain an estimate of land value.

Labour inputs in agriculture, 1957-1959 (Table 8)

Austria: **36.A** and **36.2** (for 1951).

Belgium : **36.A.** Adjusted to exclude forestry and fishing (by reducing the employment figures by 2 per cent).

Denmark : **6.3** and **6.5**.

France : Estimate based on 1948 and 1954 censuses, plus data for 1958 and 1959 given in **8.4**, 1960, No. 1.

Western Germany : **10.4**.

Ireland : **14.3** (1959).

Italy : **15.6**, p. 58, for figures up to 1957, on the basis of which an estimate has been made for 1958 and 1959.

Netherlands : **17.3**, Tables 28 and 29. Data adjusted to exclude forestry and fishing.

Norway : **18.4**, p. 209, contains data in man-years up to 1955. These data were linked to series in **18.5** and **18.6** to obtain data in man-years for total employment and employment of hired workers. The number of family workers was then obtained by difference.

Sweden : **23.5**, 1959, No. 10.

United Kingdom : Data on employment in **27.8** were converted to man-years on the basis of coefficients published in **36.A** to obtain a figure for hired workers, including family members other than farmers and wives. The figure for farmers and wives was obtained by difference between the above data and the statistics relating to total man-years worked in 1954/55-1955/56 given in **36.A**. The number of independent farmers was assumed, on the basis of data contained in **33.2**, to have remained unchanged since that period.

Indicators of output and inputs in agriculture, 1957-1959 (Table 9)

Agricultural output from Table 5, except for *Denmark* **6.3** (quantum index of agricultural production) and *United Kingdom* **27.1** (estimated gross output of agriculture, at constant prices).

Current inputs from Table 5; *capital inputs* from Table 7; *labour inputs* from Table 8.

Total inputs were obtained by weighting together the indexes of current, capital and labour inputs, using as weights the following values for 1950-1952:

For *current inputs*: value of current expenditures; for *capital inputs*: value of rent and interest paid or imputed; for *labour inputs*: total sum of wages paid for hired labour, and sums paid or imputed to family labour. These computations were based on data from **31.3**.

For *Belgium*, total input includes a rough estimate of capital input including land.

Prices of agricultural output and inputs, 1957-1959 (Table 10)

Except where otherwise indicated below, agricultural output, and current and capital inputs were obtained from **31.3**, and wage rates (wage earnings) from Table 11. Index numbers of prices were calculated by dividing the index of value from **31.3** by the index of volume in Table 5.

Denmark : index number of volume of agricultural output from **6.3** (quantum index of agricultural production).

United Kingdom : index number of volume and value of gross agricultural output from **27.1**.

The index of prices of total inputs was obtained by weighting together the indices of current and capital inputs and wage rates, using as weights the following values for 1950-1952:

For *current inputs*: current operating expenses; for *capital inputs*: gross fixed investment; for *wage rates*: the average of sums paid for hired labour. These computations were based on data from **31.3**.

Earnings of male adults in agriculture and industry in 1958 (Table 12)

Sources :

General: **33.1** and national statistics.

Belgium: **3.2**, 1960, July-August.

Western Germany : Earnings in rural area from **10.4**.

Italy : Industrial earnings from **15.5**.

Netherlands : **17.5**.

Methods :

Belgium : Daily earnings by industry and area were based on hourly earnings, by applying the national average of hours worked per day in manufacturing.

Denmark : Daily earnings in industry were based on hourly earnings, assuming an 8-hour day. Rural area: total country, excluding Copenhagen.

Norway : Weekly agricultural wages were based on daily wages, assuming a 6-day week.

Estimated agricultural output and income, 1957-1959 (Table 13)

Agricultural output and *total labour incomes* from **31.3**.

Labour incomes per worker : total divided by index of employment for family workers given in Table 8.

Agricultural wages : see sources for Table 11.

Rough comparison of labour incomes of farm families and agricultural wage earners, 1957-1959 (footnote 35)

The data referred to in the text are summarized in the following table:

Country	Annual labour income [a]		Annual wage earnings		Employment		
	Per farm family	Per family worker	(A) Adult males [b]	(B) Average [c]	Farm workers [d]	Farm family workers [e]	Hired workers [e]
	National currency units				Thousands		
Belgium	..	(99 990)	41 000	(94 767)	..	238 (E)	30 (E)
France [f]	9 703	4 676	4 394	2 770	1 820	3 777 (E)	1 056 (E)
Western Germany [f]	7 589	4 046	3 824	3 805	1 120 [g]	2 101 (MY)	614 (MY)
Italy [f]	566 100	286 800	(302 400)	(208 300)	2 333	4 585 (E)	(1 752 (E))
Netherlands	11 606 [h]	7 018 [h]	4 290	5 743 [i]	211 [g]	349 (MY)	109 (MY)
Norway [f]	6 846	3 853	7 750	(9 105) [i]	139 [j]	247 (MY)	19 (MY)
Sweden	6 965	5 331	8 825	7 885	212	277 (MY)	65 (MY)
United Kingdom	..	1 040 [k]	488	518 [i]	..	320 [k] (MY)	613 (MY)

[a] Residual after deducting compensation of employees and imputed returns on all farm capital from net value-added in agriculture.

[b] Where annual data have not been available, daily, weekly or monthly data have been converted to an annual basis (cf. Table 12). Data relate to 1958 only, except for western Germany.

[c] Compensation of employees divided by number of employed or man-years.

[d] Based on number of independent farmers.

[e] In terms of man-years (MY) or employment (E).

[f] 1957-1958 (for France, new francs).

[g] 1957.

[h] Labour income includes interest on all capital other than land and buildings.

[i] Including social-security contributions by employers.

[j] 1958 only.

[k] Farmer and wife only.

Sources and Methods :

Annual labour incomes : **31.3**. Residual after deducting compensation of employees and imputed returns on all farm capital from net value-added in agriculture. For *western Germany*, data for rent and imputed interest on capital were roughly estimated. For the *Netherlands*, interest on capital other than land and buildings is included.

As stressed in the main text, the labour incomes per farm family and per family worker thus obtained can only indicate broadest orders of magnitude, as both numerators and denominators are subject to very large margins of error. In spite of these limitations the data are reproduced here as the only available evidence.

Annual wage earnings : Two sets of crude estimates of annual earnings of agricultural wage earners are given. The first one, (A), for adult males, is derived from the data shown in Table 12, except where otherwise indicated below, and converted to annual rates. The other, (B), for average earnings, is derived from the wage-bill of the agricultural sector (as given in **31.3**) and the volume of hired labour, expressed in numbers employed, or man-years.

Belgium : (A) **33.1**. Monthly wages of farm hands multiplied by 12.

France : (A) from Table 12. Monthly earnings of skilled men multiplied by 12; the figure for unskilled men would be 3,703.

Western Germany : (A) **10.4.** Data refer to 1957/58-1958/59. Weekly earnings multiplied by 50.

Italy : (A) from Table 12. Daily wages of adult males multiplied by 280.

(B) annual average wage earnings were derived by dividing the figure of total compensation of employees given in **31.3** by the average number of permanently employed workers in 1957/58.

Netherlands : (A) from Table 12. Average weekly wage multiplied by 50.

(B) average wages include social security contributions.

Norway : (A) **18.8** (1959). Average of hourly wages (for summer and winter) multiplied by 2,300.

Sweden : (A) **23.6** (1958).

United Kingdom : (A) from Table 12. Weekly wages multiplied by 50.

The " inflated wage rate " estimate (A) may be expected to be larger than the " deflated wage-bill " estimate (B), as it refers to male adults and not to an overall average; on the other hand, the " inflated wage rate " does not take account of all allowances included in the wage-bill. It should be noted that the wage-bill data have been taken net of social security contributions by employers, wherever possible. However, conversion of work by women into man-years at a rate lower than the relative wages of men and women tends to produce a wage-bill estimate higher than the wage-rate estimate.

Employment

Belgium : **36.A.**

France : **36.A.** The number of farm families was estimated by applying the same ratio of farm-owners to family workers as obtained in the 1954 census.

Western Germany : **10.4.** The number of farm families was obtained from **10.5** (1957).

Italy : **33.2** for 1957, and **36.A** for 1958.

Netherlands : from Table 8. The number of farmers was obtained from **17.7**, 1958 (pp. 42 and 44).

Norway : from Table 8. Data on the number of farmers was given in **18.6**, 1959, No. 1.

Sweden : **23.5**, 1959, No. 10 for number of man-hours, which was then divided by 2,300.

United Kingdom : From Table 8.

Comments on some of the results

Belgium : The very high figures both for labour incomes of family workers and for the " deflated wage-bill estimate " of agricultural wages may be due to a much greater amount of (part-time) employment of people not classified as agricultural workers. A very large number of dwarf-holdings and the large number of non-agricultural workers (40 per cent of the total) living in rural areas make this at least plausible.

Italy : A large number of (mainly female) occasional and seasonal workers have been left out of account in deriving as estimate of average annual wages based on the wage-bill. On the other hand, in inflating the wage rate, regular employment has been assumed. Both tend to overestimate average annual wages actually earned, and take insufficient account of under-employment.

Norway : The high figure for the deflated wage-bill estimate may be due to the inclusion in the wage-bill of the earnings of family helpers receiving regular wages, whereas this group is not included in the volume of hired labour.

Differences in labour incomes from farming, by size of farm (Table 14)

Austria : **2.3.** This source uses 4 per cent as the imputed interest on capital invested.

Denmark : **6.6.** The source uses 5 per cent as imputed interest on capital invested. The number of man-years per farm has been obtained by dividing the number of man-days per farm by 300 (given in **6.5**).

Finland : **7.5.** Family labour income has been obtained by deducting from total family income (taxable net return *plus* imputed family labour) an assumed interest of 4 per cent on capital invested.

Western Germany : **10.4.** Family labour income has been obtained by deducting from total labour income an estimated amount for hired labour, as follows: The annual wage utilized for agriculture is a weighted average of wages for heavy (2) and light (1) labour in agriculture; the number of hired workers corresponds to total number of workers per enterprise *minus* 1.5, representing the farmer and the unpaid members of his family. The source gives $3^{1}/_{3}$ per cent as the interest rate on capital invested.

Ireland : **14.6.**

Netherlands : **17.6.** To arrive at the labour income per head, the number of workers per enterprise has been estimated in the following way: the imputed total family labour income *plus* the total income of paid labour was divided by an estimated annual income of 5,000 guilders per worker.

Norway : **18.7.** The source gives 4 per cent as the interest on capital invested. The number of man-years per farm has been obtained by dividing the number of man-hours per farm by 2,300 (as indicated in the source).

Sweden : **23.10.** The source gives 4.2 per cent as the interest on capital invested. The number of man-years per farm has been obtained by dividing the number of man-hours per farm by 2,300 (based upon the number of man-hours per year given for Norway).

Switzerland : **24.3.** The source gives 3.85 per cent as the imputed interest on capital invested.

United Kingdom : **27.19.**

Section 2 (and Annex I). The margin of protection

Charts 1 and 2 and Tables 19 to 25

Prices received by farmers have been taken from **31.5** and **31.6**, where they are already expressed in dollars as well as in national currency. For France, Spain, Turkey and Yugoslavia, however, other exchange rates were used for the period 1956/57-1958/59, for reasons explained in the text of section 2. For France and Spain the rates used were those in force since the devaluations of 1 January and 1 August 1959 respectively; for Turkey the current rate of 9 lire, and for Yugoslavia the current rate of 750 dinars, to the dollar has been applied.

With the following exceptions, where recourse to national statistics was necessary, foreign-trade unit values have been derived from data in value and volume for the relevant SITC groups in **36.1** (i) and (**ii**).

Meat — all countries; *other commodities* — Finland, Spain, Switzerland and Yugoslavia. In addition, unit values for 1950 and 1951 for some other countries, in particular the United Kingdom, were not always available from the standard source, and have been taken from national sources.

Wheat and barley (Tables 19 and 20, and text p. 50)

The farm price for soft wheat in *Italy* has been estimated from price information from national sources, in conjunction with the average price for all wheat in **31.5** and **31.6**. Prices for hard and soft wheat are fixed for three regions (centre and north; south; and islands) and have been weighted on the basis of production of each kind of wheat in each region to obtain separate national averages. The resulting differential between average hard and soft wheat prices (15 per cent in 1950/51-1952/53 and 25 per cent in 1956/57-1958/59) was used in order to determine separately these prices from the average wheat price.

Imports of barley into *Portugal* were negligible in 1950-1952 and very small in 1957-1959, yielding in the latter period an unrepresentative unit value. Consequently, it was considered preferable for both periods to adopt notional unit values more comparable with those for other countries.

Sugar (Table 21, text p. 54 and footnote 22 of Annex I)

Prices in sugar equivalent : Prices for sugar-beet have been converted into equivalent raw sugar prices by applying an average sugar content for each country, as generally given in **31.5**; for Finland an average of 15 per cent has been assumed, for France 17 per cent, and for Yugoslavia 16 per cent.

Costs of processing : Costs of crushing sugar-beet into raw sugar have been estimated from data on price or cost margins between crude and refined sugar. The crushing of beet and the subsequent refining of sugar is an integrated process, but, in general, the value-added per unit of sugar or sugar equivalent is fairly evenly apportioned between each of the two operations. The margin between prices of crude and refined sugar can therefore be used as an approximate indication of the value added to sugar-beet by manufacture into crude sugar. The figure of $1.65 per quintal of sugar has been selected on the basis of the following data: depending on the year and the origin of the sugar, import unit values of refined sugar entering the United Kingdom are 0.5-0.75 U.S. cents per pound higher than for crude sugar; in western Germany they are 0.70-0.90 U.S. cents higher. From the census of production for the United Kingdom for 1954, it may be estimated that the value added to crude sugar by refining is about 0.93 U.S. cents a pound, and this estimate would seem to be confirmed by the undertaking given by Messrs. Tate & Lyle to limit their average refining margin to 9 shillings per cwt., or approximately 1 U.S. cent per pound (see **27.15**, 1958, p. 141). It appears that costs of refining in absolute terms may be somewhat higher in the United Kingdom than in other countries, and in any case the data on unit values suggest that a figure of 0.75 U.S. cents per pound, or $1.65 per quintal, is more appropriate for western European countries in general, though there is clearly a fair amount of variation around this average.

The value of returned pulp : Information on this point is given in **31.6** and a deduction for returned pulp has been made, where appropriate, corresponding to the value of pulp derived from a quintal of sugar-beet (assuming one quintal of beet yields 80 kg. pulp). For some countries the source specifically indicates that pulp is returned free, or virtually free, to producers, and this has been taken to mean that the original price farmers receive for sugar-beet already allows for this fact. No further adjustment has therefore been made. For certain other countries the source gives no indication of the conditions under which pulp is returned, and since countries were specifically asked to give such information, it has been assumed that pulp is returned free. Only in four countries, therefore, has an adjustment been made to farm prices (before calculating the ratio of producer prices to imports) on the grounds that pulp represents a significant proportion of the original farm price (in Ireland, the Netherlands, the United Kingdom about 15 per cent, and in Sweden about 10 per cent).

Beef and veal (Table 22, and footnotes 26 and 31 of Annex I)

Original data in *live weight* have been converted to *carcase weight* by applying a standard coefficient of one quintal live weight equals 55 kg. carcase weight. Data for *Portugal* are referred to in the source as " net weight ", which has been assumed equivalent to (dressed) carcase weight. Data for *Finland* were in carcase weight in **31.6** but in live weight in **31.5** (1950/51-1952/53). **31.6** indicates that the ratio of carcase to live weight (40-50 per cent) is generally less than in other countries because of cattle being raised for milk production, with the meat as a by-product. An average meat percentage of 45, instead of 55, has therefore been assumed. For the *United Kingdom*, the price received by farmers in 1956/57-1958/59, as given in **31.6**, has been increased by 8 per cent, representing roughly the value of the hill cattle and cow subsidy and of the calf subsidy in relation to the gross output of cattle. (The value of the subsidies is given in **27.12**, 1959 (p. 89) for 1957/58 and for 1958/59, and gross output of cattle in **27.1**, 1960.)

An allowance for *costs of slaughter* etc. (i.e. costs involved between the stage of moving live cattle off the farm and the delivery of the carcase to wholesalers) has been made on the basis of information given in **36.7**. For a limited number of countries shown therein, these costs range from about $3.3 to $7.7 per quintal of carcase weight (**36.7**, Table 9), on which basis an average of $5 has been taken.

For *Charts 1 and 2*, in considering foreign-trade unit values, rough allowance has been made for the differing quality composition of imports and exports among countries, bearing in mind the following:

France : Exports are mainly to associated overseas territories and probably fetch higher prices than otherwise because of the protected market. Imports are essentially of high-quality meat; *western Germany :* Most of the beef imported is chilled or frozen; *Italy :* About 40 per cent of imports consists of chilled and frozen meat, but, probably because of the inclusion of a relatively high proportion of veal, the average unit value is not lower; *Netherlands :* Import unit values are relatively low because about half of the imports into the Netherlands are of chilled or frozen meat, while exports are of high quality; *Switzerland :* Imports are of very high-quality meat.

The price differential between fresh meat on the one hand and chilled and frozen meat on the other is referred to in the text of section 2 and in the commodity note on meat in Annex I. In general, an import unit value for fresh beef of $62 to $65 per quintal in 1957-1959 and ca. $50 in 1950-1952 has been used as a point of reference; the difference between a price of this order of magnitude and import unit values into the United Kingdom roughly corresponds also to the price differential in that country between fresh and other beef.

Pigs and pig-meat (Table 23, text p. 58 and footnote 36 of Annex I)

Prices in *live weight* have been converted to *carcase weight* by applying a standard coefficient of one quintal live weight equals 80 kg. carcase weight. For the United Kingdom, however, where data in the source have been converted from original data in carcase weight, reconversion to carcase weight has been made with the same coefficient (i.e. 73 per cent).

An allowance for *costs of slaughter*, etc. has been made on the basis of information in **36.7** (Table 8), in the same way as for cattle.

Bacon : The comparison of foreign-trade unit values of bacon with domestic pig prices entails a further adjustment of pig prices to allow for the value added per quintal of pig carcase by curing; this also involves expressing a unit weight of bacon in terms of carcase pig, since there is a loss of weight.

Evidence for Ireland, the Netherlands, and the United Kingdom suggests that the loss of weight is about 25 per cent and that the cost of curing adds another 5 per cent or somewhat more, making a total of at least 30 per cent. In Denmark, on the other hand, the total margin appears to be only 10 per cent. The evidence for these four countries (three major exporters and the major consumer) can be summarized as follows:

Annual censuses of industrial production in *Ireland* (for example, results for bacon factories in **14.5**, December 1959), giving both quantities and values of the principal inputs and outputs, indicate that one ton of carcase pig produces 750 kg. of bacon (a weight loss of 25 per cent) and that the ex-factory price of bacon is 30 per cent above the price at which the pig-meat is purchased by curers. These magnitudes are consistent with the fact that a guaranteed minimum price to curers (ex-factory) of 307 shillings per cwt. (327 shillings in the London market) is stated to allow curers to pay producers a minimum of 230 shillings. (A similar relationship can be inferred for the *Netherlands* from the fact that a price increase of 6 cents per kg. for bacon pigs corresponds to an increase of about 10 cents per kg. of bacon — assuming the 6 cents to refer to live weight and therefore equal to about 7.5 cents carcase weight.)

Data from the *United Kingdom* census of production do not permit a clear conclusion to be drawn, owing to the classification of the data. On the other hand, **34.3** indicates that one ton of pig-meat equals 800 kg. of Wiltshire bacon (the principal domestic variety), which suggests that the total margin between pig-meat and bacon (including the cost of curing) must be 25-30 per cent.

In contrast to the foregoing evidence, industrial statistics for *Denmark* for 1957 indicate an ex-factory price of bacon of 451 kr. per quintal, which may be compared with a price of 405 kr. (an arithmetic average of quotations for Class 1 and Class 2, plus the co-operative rebate), given by **6.5** as the price paid to producers. Thus for Denmark the total margin between pork and bacon does not appear to be much more than about 10 per cent, as seems to be confirmed by a comparison of Danish unit values of bacon exports with those of pork in Table 23.

No reconciliation has been possible between the estimate of about 10 per cent on the one hand and about 30 per cent on the other, and, in comparing pig prices to producers with foreign-trade unit values of bacon, the latter have first been reduced by about 10 per cent for Denmark and about 30 per cent for other countries.

Eggs (Table 24, text p. 60 and footnote 42 of Annex I)

For *Ireland* and the *United Kingdom* the standard source did not give quantities in 1950-1952; data from national sources (converted into weight from numbers at the equivalent of 1,710 eggs to one quintal) were therefore used.

SITC group 025 includes eggs not in shell (frozen, liquid, egg powder etc.). The inclusion of eggs not in shell significantly affects average unit values only for the United Kingdom, for which country they were excluded when deriving unit values from national trade statistics. Import unit values for Greece (at under $50 per quintal, and relating to small quantities) were so much below typical unit values that it was considered preferable to select a notional price (corresponding more closely to these typical import unit values) for comparison with domestic prices.

An allowance for *costs of collection, packing and delivery to wholesaler* was made on the basis of information for a limited number of countries in **36.8**, which suggested that this margin ranges from 10-15 per cent of the producer price in most cases.

Milk and milk products (Table 25, text pp. 61 and 63 and footnote 51 of Annex I)

Milk prices in butter or cheese equivalent : The average fat content of milk was obtained from **36.2**, except for Belgium, which is from **31.6**, and corresponds to the following number of quintals of milk per quintal of butter: Denmark and Finland — 20; Norway — 21; Sweden and Switzerland — 22; western Germany, Netherlands and United Kingdom — 23; Austria, Ireland and Italy — 24; France — 25; Belgium — 28. For cheese a standard conversion of 10 quintals of milk per quintal of cheese was taken.

Deduction for skim milk : Information on the price at which skim milk is sold is specifically requested in the questionnaires relating to farm prices published in **31.6**. Since skim milk prices may vary from year to year, and are not directly related to farm milk prices, it is necessary to apply some average relationship. On the basis of information in **31.6**, a deduction of one-third was made for Denmark and the Netherlands and of 15 per cent for other countries. However, for Ireland and Switzerland no deduction was made, on the grounds that skim milk is returned free to producers and that the price received by farmers for milk therefore presumably allows for this fact. For Belgium, a deduction of 23 per cent was made — an average of data for 1955/56 in **36.9** and 1959/60 in **31.6**.

Costs of manufacture : Costs of transport to dairies and of manufacture into butter have been estimated from data for a limited number of countries in **36.9**. They range from about 60 US cents to about $1 per quintal of milk, and an average of 70 cents has been taken. On the assumption of 23 quintals of milk for a quintal of butter, this is equivalent to $16 per quintal of butter.

Costs of manufacture into cheese were similarly derived. For the countries for which data are available, they range from roughly $10 to $20 per quintal of cheese, and an average of $15 has been selected. For cost of manufacture of butter and cheese in New Zealand, see **27.14**, 1960, p. 106.

Section 3 (and Annex II). Consumption and production prospects and trade

Foodstuffs: projections of demand in 1970, by areas (Table 16 and footnote 78)

The *population* estimates used for the calculation of total demand in 1970 are the published official demographic projections for Austria, Denmark, Finland, France, western Germany, Italy, Switzerland and the United Kingdom; for the other countries, except Turkey, they are secretariat estimates based on earlier projections published in **36.6**; for Turkey, the rate of population growth indicated in **25.1**, March 1959, has been used.

While the " medium " *rates of growth of per capita income* roughly correspond to the " medium " rates used in **31.7**, the " high " rates used here are considerably higher than the " high " rates used in **31.7**, for the reasons explained in the text.

The " average " *income elasticities of demand for foodstuffs* used are based on projections of demand for foodstuffs prepared for **31.7**. The econometric methods underlying these projections are explained in L. M. Goreux, " Income and Food Consumption ", in **34.1**, October 1960, and in further references given there. The income elasticities used for that study relate to demand functions which assume a declining elasticity of demand for food with rising income per head. The present study has derived " average " income elasticities, for each commodity, from the resulting projections of consumption (after a rough adjustment, based on Tables 7 and 9 in **34.4**, to allow for the influence of price changes) shown in Table 5 of Goreux, *op. cit.* These average income elasticities are shown in the table below, together with elasticities used in some other recent studies of future demand for foodstuffs in western Europe.

Income elasticities of demand for food (quantity)

Commodity	ECE/FAO (1960) [a]			Yates [b] (1960)	ECE [c] (1957)
	Southern Europe	European Economic Community	Other north-western Europe	Western Europe	Western Europe
Cereals	−0.02	−0.27	−0.32	−0.25	−0.20
Potatoes	−0.07	−0.27	−0.26	−0.20	−0.20
Sugar	0.83	0.47	0.13	0.50	0.30
Fruit	0.34	0.42	0.48	0.70	0.50
Milk products	0.32	0.23	0.19	..	..
of which :					
Liquid milk	0.31	0.15	−0.03	0.10	0.10
Cheese	0.39	0.40	0.26	..	0.30
Butter	0.34	0.27	0.45	0.30	0.10
Other milk products	0.39	0.32	0.42	..	..
Fats and oils (excluding butter)	0.46	0.27	0.23	0.20	0.20
Eggs	0.71	0.43	0.32	0.60	0.50
Meat (all kinds)	0.70	0.47	0.39	0.60	0.70
of which :					
Beef and veal	0.49	0.55	0.42	..	..
Pulses and nuts	−0.20	−0.20	−0.20	..	−0.10 [d]
Vegetables	0.13	0.13	0.13	0.30	0.20

[a] Derived from ECE/FAO, *European Agriculture in 1965*, Geneva, 1960 (see above);

[b] P. Lamartine Yates, *Food, Land and Manpower in western Europe*, London, 1960 (Chapter 4);

[c] *Economic Survey of Europe in 1957* (Annex to Chapter V).

[d] Pulses only.

Production and demand for feed grains (text table on p. 33)

Production of feed grains in 1970 has been projected by extrapolating the rates of growth implicit in the projections published in 31.7. Demand for feed grains in 1970 has been estimated on the basis of the projected production of pig-meat and eggs (and poultry) (see Table 17), taking account of the difference in feed requirements; feed units used as weights are 6.7 for pig-meat and 4.6 for eggs (and poultry).

Production, net trade and supply of selected agricultural products in western Europe in 1948-1952 and 1957-1958 (Table 18)

Sources :

34.5 and **34.6** (1958 and 1959); **27.14**; national trade statistics for Ireland, Norway, Spain and Switzerland; for Greece, production data were taken from **11.2**; and for the United Kingdom, separate data for bacon and ham (footnote *j*) were obtained from **27.12**.

Methods :

For *meat*, **34.5** was used to obtain production from indigenous livestock, while **34.6** provided data on trade in meat (including trade in live animals, which were converted from numbers into carcase weight).

From national trade data for the principal countries, the average carcase-weight equivalent per head of live cattle traded (assuming an average meat yield of 55 per cent) was found to be about 270 kg. For Irish exports and United Kingdom imports of cattle, a carcase weight of 200 kg was used, since most Irish cattle exports and United Kingdom cattle imports consist of store cattle. The carcase weight for store cattle and other cattle were based upon **34.3** and have been weighted into an average of 200 kg. on the basis of relative trade in store cattle and other cattle, data for which were obtained from **14.3** and **27.6.**

For *pigs*, the unit carcase weight of 75 kg. was obtained from **34.5**, 1959, Table 80. For Danish exports, however, an average weight of 160 kg. was used, based on national trade statistics; while for western Germany a unit carcase weight of 100 kg was likewise indicated.

Bacon was converted into carcase-meat equivalent using a conversion factor of 1.25.

Imports and exports of selected agricultural commodities into and from western Europe 1957-1959, by origin and destination (Tables 26 and 27)

The principal sources used were **36.3** (ii and iii) and **30.4**, supplemented by national statistics (particularly for Finland, Spain, Switzerland and Yugoslavia). The SITC breakdown in the preceding sources does not distinguish between the various kinds of meat, and the data were therefore taken from **37.1**, 1958 and 1959 (for the EEC) and (for Denmark, Ireland and the United Kingdom) from national statistics.

CHAPTER V. EUROPE AND THE TRADE NEEDS OF THE LESS DEVELOPED COUNTRIES

Commodity composition of exports and imports of under-developed regions, 1958 (Table 1)

The percentage distribution has been established on the basis of 30.2. Where figures for 1958 were not available, those for 1957 have been used.

The data for Latin America, Middle East and ECAFE Asia cover almost the whole of the trade of these regions, but for Africa a breakdown by SITC sections was available only for 85 to 90 per cent of its total trade. More particularly, for the Congo (former Belgian Congo), Central West Africa (former French West Africa), Algeria, Morocco and Angola, the breakdown by commodity groups has been based mainly on statistics for the mid-fifties. Among countries which could not be included at all were the Cameroons, Ethiopia, Equatorial Africa (former French Equatorial Africa) and Mozambique.

Imports of foodstuffs and raw materials into western Europe, North America and Japan from less developed regions, 1959 and 1980 (Table 5)

The calculations are based on a forecast of the increase over a twenty-year period (adjusted to a twenty-one-year perspective) of import requirements of foodstuffs and raw materials into western Europe and North America published in **31.1**, 1957 (Chapter V) and on a similar forecast for Japan published in **38.1**, 1959 (p. 90). For further details see the two sources mentioned.

Trade data for 1959 are taken from importing countries (for sources see Tables 16 to 19), and for western Europe and Japan have been roughly adjusted to an f.o.b. basis on the lines indicated in **31.1**, 1957.

Trade of selected western European countries and the United States: by main commodity groups (Table 13), in non-ferrous metals and ores (Table 15) and in textiles (Table 16)

Selected exports from less developed countries in 1958 as share of each country's total exports (Table 14)

The commodity grouping corresponds to the various sections, divisions or groups of the SITC. A variety of sources were used for these tables: regular national and international statistics on trade, and a number of special sources for particular commodities. The following is a complete list:

National sources : **2.1, 6.2, 8.1, 8.5, 18.2, 23.2, 29.3, 29.4, 27.4, 27.6, 32.2, 37.3 to 37.19.**

International sources : **27.22, 30.2, 30.3, 30.4, 31.1, 31.4, 32.1, 32.2, 34.2, 36.1 (ii), 36.3 to 36.5, 37.1.**

Special sources: **27.9** to **27.13, 27.16** to **27.18, 27.20** (No. 4355).

Commodity composition of imports into the EEC area from selected third countries in 1959 (Table 20)

The SITC coverage of the groups distinguished in the table is as follows:

A: 00 to 04 (except 013, 032, 048); 051.04; 051.05; 054; 061; 081; 111, 121. A 1: 031; 051.04; 051.05; 054. B: 211; 22; 23; 241.01; 262; 263; 264; 265; 267; 27; 28; 291; 681.01; 682.01; 683.01; 687.01. C: 3. D: 051.01; 051.02; 051.03; 051.06; 051.07; 052.01; 07 (except 073); 24 (except 241.01); 68 (except 681.01; 682.01; 683.01; 687.01); 4; 551.01. E: Residual (except 9).

Preferences enjoyed by selected countries in France and the United Kingdom in 1957 (Text table on page 38)

For *Commonwealth* countries, average margins of preference are from **27.26** (Table IV).

For the *French Community*, margins of preference have been estimated by the method used in the above source. Margins of preference for items imported by France from the Community have been taken as the equivalent of the customs duties effectively applied by France to imports from outside the Community. Average margins of preference correspond to the margin of preference for each item weighted by the value of imports of that item from the country concerned in 1957. Estimates of margins of preference and of the share of exports accorded tariff preference were based on total exports other than tobacco, the position of which was impossible to assess on account of the French tobacco monopoly. Tobacco exports from the Malagasy Republic and the former French Cameroons represented 12 and 3 per cent respectively of their total exports to France in 1957, while tobacco exports were nil or negligible for the other four areas shown.

Average customs tariffs of EEC and EFTA countries on imports of selected commodities (Chart 1 and footnote 72)

Sources

37.20, 37.2, supplemented by national sources.

Methods

Data refer to duties effectively applied in 1959 (i.e. including all suspensions and reductions applicable to GATT members, other than preferential treatment within regional trading groups). For *Denmark*, the March 1960 tariff has been used.

When a commodity group included several tariff headings, the unweighted arithmetic average of the individual tariffs has been taken. In certain cases, where specific duties are applied, the percentage *ad valorem* incidence has been estimated on the basis of 1958 import unit values. These cases are indicated in footnotes to the following table, which shows SITC groups and the approximately corresponding Brussels tariff nomenclature to which the commodity groups refer:

Commodity group	*SITC number*	*Brussels tariff nomenclature* [a]
1. Oil-seeds, nuts and kernels [b]	221	12-01
2. Vegetable oils [c]	412	15-07
3. Cocoa beans [d]	072-01	18-01
4. Cocoa powder, butter and paste [e]	072-02, 072-03	18-03, 18-04, 18-05
5. Natural rubber and similar gums	231-01	40-01
6. Rubber products - semi-finished (pastes, plates, sheets, rods, tubes, etc.)	621	40-05, 40-06, 40-07, 40-08, 40-09, 40-15
7. Rubber products - manufactures (tyres, etc.)	629	40-10, 40-11, 40-12, 40-13, 40-14, 40-16
8. Hides and skins, undressed	211	41-01, 41-09
9. Leather [f]	611	41-02, 41-03, 41-04, 41-05, 41-06, 41-07, 41-08, 41-10
10. Manufactures of leather	612	42-01, 42-04, 42-05, 64-05
11. Sawn-logs and veneer logs, non-coniferous	242-03	44-03, 44-04
12. Timber (sawn, planed, grooved, etc.), non-coniferous	243-03	44-05, 44-13
13. Veneer sheets	631-01	44-14
14. Raw cotton, other than linters	263-01	55-01
15. Cotton yarn and thread	651-03, 651-04	55-05, 55-06
16. Cotton fabrics of standard type	652	55-07, 55-08, 55-09, 58-04
17. Copper and alloys, unwrought	682-01	74-01, 74-02
18. Copper and alloys, worked (bars, rods, plates, sheets, etc.)	682-02	74-03, 74-04, 74-05, 74-07, 74-08, 74-19

[a] Or that part of the heading which corresponds closest to the SITC definition.

[b] Excluding flour from oil-seeds and oleaginous fruits.

[c] Specific duties are applied in Norway. Sweden applies a variable import duty of 20-25 per cent, which is not shown in the chart.

[d] Specific duties in Austria, Norway, Sweden and the United Kingdom.

[e] Specific duties in Denmark, Sweden, Norway and the United Kingdom. For these last two countries, data shown in the chart refer to cocoa-butter only.

[f] Specific duties in Norway.

The correspondence between commodity groups and tariff nomenclature in *footnote 72* is as follows:

Commodity group	*Tariff nomenclature*
Canned meat	16-01, 16-02
Canned fish	16-04, 16-05
Canned vegetables	20-01, 20-02
Canned fruit	20-03, 20-04, 20-05, 20-06
Fruit juices	20-07

Specific duties are applied to imports of canned fruit in the United Kingdom.

Trade of western Europe and North America with overseas primary-producing areas by main commodity groups in 1959 (Appendix Table I and Table 12)

(i) *Sources :* **36.3 (iii)** (1959, and *Supplement*).

(ii) *Areas of origin and destination :*

Latin America, Africa and *Oceania:* correspond to those shown in the original source.

ECAFE countries: Afghanistan, British Borneo, Burma, Cambodia, Ceylon, China (Taiwan), Hong Kong, India, Indonesia, Laos, Malaya, Pakistan, Philippines, Singapore, Thailand, South Vietnam.

Middle East: Aden, Bahrain, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Saudi Arabia, Syria, Yemen.

(iii) *Coverage of commodity groups :*

Main commodity groups under roman figures I to IV and under capital letters represent the sum of subsidiary groups shown under small letters in parentheses. The composition of these latter groups in terms of the SITC is as follows:

ECE code	Commodity	SITC code
I.	**Agriculture, fishing, forestry**	
A.	*Food (natural) and tobacco, raw*	
(*a*)	Meat, livestock and dairy products .	001, 011, 012, 021, 023 to 029
(*b*)	Fish, fresh	031
(*c*)	Cereals	041 to 045
(*d*)	Fruits and vegetables, fresh and dry .	051, 052, 054
(*e*)	Sugar	061
(*f*)	Coffee, cocoa, spices	071, 072, 074, 075
(*g*)	Feeding stuff for animals	081
(*h*)	Tobacco, unmanufactured	121
B.	*Crude agricultural materials*	
(*a*)	Hides, skins and fur skins, undressed	211, 212
(*b*)	Oil-seeds, oil nuts and oil kernels . .	221
(*c*)	Crude rubber	231
(*d*)	Wood and cork, raw	241, 242, 244
(*e*)	Textile fibres and waste	261 to 265, 267
(*f*)	Animal and vegetable crude materials, inedible	291, 292
II.	**Mining**	
(*a*)	Crude fertilizers and crude minerals .	271, 272
(*b*)	Metalliferous ores and metal scrap; *of which :*	281 to 285
	Iron ore and concentrates . . .	281
(*c*)	Mineral fuels and related materials	311, 312, 314
III.	**Manufacturing**	
A.	*Food*	
(*a*)	Food, processed	013, 022, 032, 046 to 048, 053, 055, 062, 073, 091, 099
(*b*)	Beverages and tobacco manufactures	111, 112, 122
(*c*)	Animal and vegetable oils and fats .	411 to 413
B.	*Wood*	243, 631 to 633, 811, 821
C.	*Pulp, paper*	251, 641, 642
D.	*Textiles, clothing*	
(*a*)	Textile yarn and thread	651
(*b*)	Textile fabrics of standard type . .	652, 653
(*c*)	Other textile fabrics	654 to 657
(*d*)	Clothing	841
E.	*Leather, fur and rubber*	
(*a*)	Leather, leather manufactures and dressed furs	611 to 613
(*b*)	Rubber manufactures	621, 629
(*c*)	Travel goods, fur clothing and footwear	831, 842, 851
F.	*Stone, glass, pottery*	
(*a*)	Building materials	661 to 664
(*b*)	Glassware and pottery	665, 666
G.	*Chemicals*	
(*a*)	Synthetic fibres	266
(*b*)	Petroleum products	313
(*c*)	Mineral chemicals	511, 512, 521, 561
(*d*)	Dyeing, tanning and colouring materials	531 to 533
(*e*)	Medicinal and pharmaceutical products	541
(*f*)	Essential oils, perfumes, soap, etc. .	551, 552
(*g*)	Explosives and miscellaneous chemical products	591, 599
H.	*Base metals*	
(*a*)	Iron and steel	681
(*b*)	Non-ferrous base metals *of which :*	682 to 689
	Copper	682
	Aluminium	684
	Tin	687
I.	*Metal products*	
(*a*)	Manufactures of metals	691, 699
(*b*)	Machinery other than electric . . .	711 to 716
(*c*)	Electric machinery and appliances .	721
(*d*)	Transport equipment *of which :*	731 to 735
	Road motor vehicles	732
	Ships and boats	735
(*e*)	Other manufactures of metals . . .	812, 861, 864, 891
K.	*Miscellaneous*	671 to 673, 862, 863, 892, 899
IV.	Other	911, 921, 931

(iv) *Deliveries under each SITC group* valued at less than $100,000, or 10 per cent of the commodity total for the reporting country concerned, are excluded.

Exports of selected European countries and the United States by main commodity groups and by areas of destination (Appendix Table XI)

(a) *Sources :*

The basic statistical material was obtained from **36.3 (iii)** (1959, and *Supplement*).

(b) *Areas of Destination :*

Highly industrialized countries : Eastern Europe (including the Soviet Union), western Europe (including Finland, Spain and Yugoslavia, and, in 1959, Cyprus), Japan and North America.

Semi-industrialized countries : Argentina, Brazil, Chile, Mexico, Union of South Africa, Australia, New Zealand, India, Pakistan and mainland China.

Non-industrialized countries : All other countries.

Figures shown under " Unspecified " refer mainly to ships' stores and bunkers (in groups 1, 2 and 20) and, to a smaller extent, to destinations classified as " secret " (group 20).

(c) *Commodity Groups :*

The 20-group classification used in the table is given in terms of the Standard International Trade Classification (SITC) as follows:

Commodity classification of twenty groups in terms of the SITC

Commodity group	SITC code number	Sub-group
1. Food, drink and tobacco	Sections 0, 1; division 92	Live animals and meat — divisions 00, 01 (Denmark, Netherlands) Dairy products — division 02 (Denmark, Netherlands) Cereals and cereal preparations — division 04 (Denmark, France, Italy, and the United States) Fruit and vegetables — division 05 (France, Italy, Netherlands, and the United States) *of which :* Fruit — groups 051, 052, 053 (Italy) Vegetables — groups 054, 055 (Italy) Beverages — division 11 (France) Tobacco and manufactures — division 12 (United States)
2. Mineral fuels and petroleum products	Section 3	
3. Metallic ores and base metals	Divisions 28, 68	Ores and scrap — division 28 (France, Norway, and Sweden) Iron and steel — group 681 (Belgium-Luxembourg, France, western Germany, Italy, Norway, Sweden, United Kingdom, and the United States)
4. Oil-seeds, fats and oils	Section 4, division 22	
5. Textile fibres, natural	Division 26 *less* group 266	
6. Selected construction material	Division 81, groups 661, 662, 664	
7. Other raw materials	Divisions 21, 23, 24, 25, 27 and 29	Timber — division 24 (Sweden) Pulp and waste paper — division 25 (Sweden)
8. Metal manufactures	Division 69	
9. Power-generating (except electric) machinery	Group 711	
10. Agricultural machinery	Group 712	

Commodity group	*SITC code number*	*Sub-group*
11. Metal-working, mining, construction and other industrial machinery	Groups 714, 715, 716	
12. Electric machinery	Group 721	
13. Tractors, other than steam	Group 713	
14. Railway vehicles	Group 731	
15. Road motor vehicles	Group 732	
16. Other transport equipment	Groups 733, 734, 735	
17. Chemicals	Section 5	
18. Textile manufactures and clothing	Divisions 65 and 84, group 266	Textile yarns (including synthetic fibres) — groups 266 and 651(France, western Germany, Italy, and United Kingdom) Cotton fabrics — group 652 (France, western Germany, Italy, United Kingdom, and the United States) Other fabrics — division 65 *less* groups 651 and 652 (France, western Germany, Italy, and United Kingdom)
19. Paper, manufactures of wood and paper (excluding furniture)	Divisions 63 and 64	
20. All other commodities	Section 8 *less* divisions 81, 84; divisions 61, 62, 67, 91, 93; groups 663, 665 and 666	Instruments and watches — groups 861, 864 (western Germany and United Kingdom)

Owing to insufficient information, the commodity classification used for Dutch exports differs slightly from those of other countries, and the comparability with other countries is affected as follows:

(1) SITC groups 651, 652 and part of 653 are excluded from ECE group 18 and included in group 20.

(2) SITC group 689 is excluded from ECE group 3 and included in group 20.

(3) SITC group 691 is excluded from ECE group 8 and included in group 20.

Credit arrangements of eastern European countries and the Soviet Union with overseas non-industrial countries from 1956 to 1960 (Appendix Table XXI)

List of sources

A. *Credits to Asian and Middle-Eastern Countries*

For A.I.1, A.II.1, A.III.2, A.IV.4, A.V.2 and A.VII.1: **26.4**, 1959, No. 6 (pp. 15-18); also, for A.III.2: **26.4**, 1959, No. 11 (p. 28); for A.IV.4: **26.4**, 1959, No. 5 (p. 21) and 1960, No. 9 (p. 48); and for A.VII.1: **26.4**, 1960, No. 2 (p. 56).

For A.III.1: **27.24** (13 May 1960); for A.IV.1: **26.4**, 1960, No. 2 (p. 47); for A.IV.2: **26.4**, 1960, No. 2 (p. 47); for A.IV.3: **26.4**, 1959, No. 5 (p. 20), and 1960, No. 2 (p. 47); for A.V.1: **27.25** (25 October 1960); for A.VI.1: **26.4**, 1960, No. 2 (p. 56).

B. *Credits to African Countries*

For B.I.1: **26.4**, 1959, No. 8 (p. 8); for B.II.1: **26.4**, 1960, No. 10 (p. 42); for B.III.1: **10.6** (22 November 1960); for B.IV.1: **8.6** (27 November 1957); for B.IV.2: **26.4**, 1959, No. 6 (p. 17).

C. *Credits to Latin American Countries*

For C.I.1: **19.6**, 1960, No. 9 (p. 391); for C.I.2: **26.4**, 1959, No. 6 (pp. 15-18) and **26.6** (30 May 1960); for C.II.1: **24.4** (30 October 1960); for C.II.2: **12.5**, 1960, No. 12 (p. 14); for C.II.3: **26.4**, 1960, No. 4 (p. 16).

CHAPTER VI. ECONOMIC DEVELOPMENT IN ALBANIA AND BULGARIA

Distribution of national expenditure in Bulgaria (Table 10)

Expenditure in 1957 prices

All data for 1952 to 1958 are from **4.5**, 1960, No. 1, and for 1959 from **4.4**, 1960.

Expenditure in 1952 prices

1948 to 1951 :

National income : Data in 1939 prices from **4.A** were converted to 1952 prices, using the price index implied in national income figures for 1952 to 1954 in 1939 and 1952 prices. The implied index ranged from 301 to 309 (1939 = 100) and an average of 303 was chosen as being closer to that obtained for 1952 and thus likely to be correspondingly closer to the ratio in the preceding years.

Accumulation : Data from **4.A** (except for 1949) in current prices were slightly adjusted to be closer to 1952 prices, on the basis of a comparison of figures in 1952 and current prices for 1952 to 1954 (from **4.3**, 1959 and **4.A** respectively).

Net fixed investment : Equals gross investment minus depreciation (see details for *1952 to 1958* below).

Consumption : Equals national income minus accumulation. The breakdown between personal and collective consumption was roughly estimated taking into account the policies affecting the level of collective consumption during this period.

Increase in fixed assets : **4.A.**

1952 to 1958 :

Except for net fixed investment, data are from **4.3**, 1959 (p. 68). Net fixed investment was derived from gross fixed investment less depreciation, as follows:

Gross fixed investment : 1948 to 1954 : **4.A**. *1955 to 1958 :* Data in 1956 prices for 1949 to 1958 are published in **4.7** (p. 143) and for 1952 to 1958 in **4.3**, 1956. They have been converted into 1952 prices using the price index derived from a comparison with the data for 1948 to 1954 in 1952 prices, referred to above.

Depreciation : 1950 and 1951 in current prices are from **4.A** and were roughly adjusted to 1952 prices. Depreciation in *1952* in both current and 1957 prices, from **4.A** and national statistics respectively, allowed a recomputation in 1952 prices of published figures in 1957 prices for *1953 to 1958.*

The figures for both gross fixed investment and depreciation thus estimated for 1948 to 1958 are as follows (billions of leva):

	Gross fixed investment	*Depreciation*
1948 . . .	3.1	0.9 *
1949 . . .	3.5	1.1 *
1950 . . .	3.5	1.3
1951 . . .	4.3	1.4
1952 . . .	5.0	1.6
1953 . . .	5.6	1.7
1954 . . .	6.0	1.8
1955 . . .	6.4	1.9
1956 . . .	6.3	2.3
1957 . . .	7.0	2.5
1958 . . .	8.6	2.8

Commodity composition of Bulgarian trade 1948, 1957 and 1958 (Table 17)

Current values: 1948 and 1957 data are from **4.A**, tobacco being deducted (for 1948) from the total given for foodstuffs and tobacco, with the help of **4.8** (p. 132). 1958 is also from **4.A**, supplemented for a breakdown of the major sectors by **4.3**, 1959 (p. 199).

1958 volume : Figures for 1952 and 1958 in 1956 prices are derived from **4.A**. Corresponding total imports and exports for 1948 are from **4.3**, 1956 (p. 82) and the breakdown of these totals by major groups has been made on the basis of information in **4.8** (pp. 128 and 132).

LIST OF SOURCES QUOTED IN APPENDIX B

ALBANIA

1.1 *Zeri i popullit*. Daily.
1.2 Drejtoria e statistikës: *Anuari statistikor i R.P.Sh.* Annual.
1.3 Komision të planit të shtetit: *Ekonomia popullore*. Every two months.

AUSTRIA

2.1 Österreichisches Statistisches Zentralamt: *Statistik des Aussenhandels Österreichs*. Quarterly.
2.2 *Statistische Übersichten zu den Monatsberichten des Österreichischen Institutes für Wirtschaftsforschung*. Monthly.
2.3 Land- und forstwirtschaftliche Landes-Buchführungs-Gesellschaft: *Die Lage der österreichischen Landwirtschaft 1958*. 1959.
2.4 *Monatsberichte des Österreichischen Institutes für Wirtschaftsforschung*.

BELGIUM

3.1 Institut national de statistique: *Bulletin mensuel du commerce extérieur de l'Union économique belgo-luxembourgeoise*.
3.2 Ministère du travail et de la prévoyance sociale de Belgique: *Revue du travail*. Monthly.
3.3 Institut national de statistique: *Annuaire statistique de la Belgique et du Congo belge*.
3.4 Institut national de statistique: *Bulletin de statistique*. Monthly.

BULGARIA

4.1 *Rabotnichesko delo*. Daily.
4.2 Prezidium na narodnoto sabranie: *Izvestiia*. Irregular.
4.3 Tsentralno statistichesko upravlenie pri Ministerskiya savet: *Statisticheski godishnik na Narodna Republika Bulgaria*. Annual.
4.4 Tsentralno statistichesko upravlenie pri Ministerskiya savet: *Statisticheski spravochnik na NR Bulgaria*. Annual.
4.5 Tsentralno statistichesko upravlenie pri Ministerskiya savet: *Statisticheski izvestiia*. Quarterly.
4.6 Tsentralno statistichesko upravlenie pri Ministerskiya savet: *Vneshna torgoviya na Narodna Republika Bulgaria*. Statisticheski sbornik. Annual.
4.7 Bulgarska akademiia na naukite. Ikonomicheski institut: *Petnadeset godini sotsialistichesko stroitelstvo. Sbornik*. 1959.
4.8 Vissh Ikonomicheski Institut " Karl Marx ": *Ikonomicheski Vazhod na N R Bulgaria 9.IX.1944-9.IX.1959*. 1959.
4.A Information supplied by the Government of Bulgaria.

CZECHOSLOVAKIA

5.1 *Rudé Právo*. Daily.
5.2 Státní úřad statistický: *Statistická ročenka Československé Socialistické Republiky*. Annual.
5.3 Státní úřad statistický: *Statistické zprávy*. Monthly.

DENMARK

6.1 Statistisk departement: *Vareomsætningen med udlandet*. Monthly.
6.2 Statistisk departement: *Danmarks vareindførsel og -udførsel*. Annual.
6.3 Statistisk departement: *Statistisk årbog*. Annual.
6.4 Statistisk departement: *Statistiske efterretninger*. Frequent but irregular.
6.5 Statistisk departement: *Landbrugsstatistik 1958 herunder gartneri, skovbrug m.v.* 1959.
6.6 Det landøkonomiske driftsbureau: *Undersøgelser over landbrugets driftsforhold 43. Regnskabsresultater fra danske landbrug*. 1st part. Annual.
6.7 Statistisk departement: *Industriel produktionsstatistik*. Annual.

FINLAND

7.1 Tullihallitus — Tullstyrelsen: *Ulkomaankauppa, kuukausijulkaisu — Utrikeshandel, månadspublikation*. Monthly.
7.2 Tullihallitus — Tullstyrelsen: *Ulkomaankauppa, vuosijulkaisu — Utrikeshandel, årspublikation*. Annual.
7.3 Tilastollinen päätoimisto — Statistiska centralbyrån: *Tilastokatsauksia — Statistiska översikter*. Monthly.
7.4 Ministry of Finance: *Economic Survey*. Annual.
7.5 Maataloushallitus: *Tutkimuksia Suomen maatalouden kannattavuudesta XLVI Tilivuosi 1957/58 — Investigations on the profitableness of agriculture in Finland. Vol. XLVI 1957/58*. 1959.

FRANCE

8.1 Direction générale des douanes et droits indirects: *Statistique mensuelle du commerce extérieur de la France.*
8.2 Direction générale des douanes et droits indirects: *Tableau général du commerce extérieur. Commerce de la France avec la zone franc et les pays étrangers.* Annual.
8.3 Institut national de la statistique et des études économiques: *Bulletin mensuel de statistique.*
8.4 Institut national de la statistique et des études économiques: *Etudes statistiques.* Supplement to **8.3**. Quarterly.
8.5 Service des statistiques chargé des relations et de la coopération avec les Etats d'Outre-Mer: *Documents et statistiques.* Irregular.
8.6 *Le Monde.* Daily.
8.7 Institut national d'études démographiques: *Population.* Quarterly.

EASTERN GERMANY

9.1 *Neues Deutschland.* Daily.
9.2 Staatliche Zentralverwaltung für Statistik: *Statistisches Jahrbuch der Deutschen Demokratischen Republik.*
9.3 Staatliche Zentralverwaltung für Statistik: *Statistische Praxis.* Monthly.
9.4 Staatliche Zentralverwaltung für Statistik: *Vierteljahreshefte zur Statistik der Deutschen Demokratischen Republik.*
9.5 *Der Siebenjahrplan der Deutschen Demokratischen Republik — das Program für den Sieg des Sozialismus :* Gesetz über den Siebenjahrplan zur Entwicklung der Volkswirtschaft der Deutschen Demokratischen Republik in den Jahren 1959 bis 1965 (Beschlossen von der Volkskammer der Deutschen Demokratischen Republik am 1. Oktober 1959) — Der Siebenjahrplan des Friedens, des Wohlstandes und des Glücks des Volkes (Rede des Ersten Stellvertreters des Vorsitzenden des Ministerrats der DDR, Walter Ulbricht, vor der Volkskammer der DDR). 1959.

WESTERN GERMANY

10.1 Statistisches Bundesamt, Wiesbaden: *Der Aussenhandel der Bundesrepublik Deutschland.* Monthly:
Teil I: *Zusammenfassende Übersichten.*
10.2 Statistisches Bundesamt, Wiesbaden: *Statistische Berichte : Art. Nr. V/30 : Der Interzonenhandel des Bundesgebietes und West-Berlins mit dem Währungsgebiet der DM-Ost.* Monthly.
10.3 Statistische Bundesamt, Wiesbaden: *Die Industrie der Bundesrepublik Deutschland :*
(i) *Reihe 1 : Beschäftigung und Umsatz, Brennstoff- und Energieversorgung.* Monthly.
(ii) *Reihe 2 : Produktion ausgewählter Erzeugnisse, Produktionsindex.* Monthly.
10.4 Bundesrat: *Bericht der Bundesregierung über die Lage der Landwirtschaft (Grüner Bericht 1960).* Bonn. 1960.
10.5 Bundesministerium für Ernährung, Landwirtschaft und Forsten: *Statistisches Jahrbuch über Ernährung, Landwirtschaft und Forsten der Bundesrepublik Deutschland.*
10.6 *Handelsblatt.* Dusseldorf. Daily.
10.7 Bundesministerium für Arbeit und Sozialordnung: *Arbeits- und sozialstatistische Mitteilungen.* Monthly.
10.8 *Monthly Report of the Deutsche Bundesbank.* Frankfurt.

GREECE

11.1 Etnike statistike uperesia (National Statistical Service): *Meniaion deltion statistikes exoterikou — Monthly Bulletin of External Trade Statistics.*
11.2 Etnike statistike uperesia: *Statistike epeteris tes Ellados — Statistical Yearbook of Greece.*

HUNGARY

12.1 *Népszabadság.* Daily.
12.2 Központi statisztikai hivatal: *Statisztikai évkönyv.* Annual.
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12.5 Magyar kereskedelmi kamara: *Külkereskedelem.* Monthly.
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IRELAND

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POLAND

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SPAIN

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37.16 Sierra Leone: Comptroller of Customs: *Trade Report.* Annual.
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